

Supreme Court, U.S.

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78-802

NO. _____

IN THE

Supreme Court of the United States

OCTOBER TERM, 1978

RAY K. BULLOCK,
Petitioner

v.

UNITED STATES OF AMERICA,
Respondent

PETITION FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS
FOR THE FIFTH CIRCUIT

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PETITION FOR A WRIT OF CERTIORARI TO THE
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Petitioner prays for a writ of certiorari to review the judgment of the United States Court of Appeals for the Fifth Circuit.

OPINIONS BELOW

The original opinion of the Court of Appeals (App. A., *infra*, pp. 20-42) is reported at 573 F.2d 335. The opinion of the Court of Appeals on rehearing is not yet reported (App. B., *infra*, pp. 43-44). The opinion of the district court in a prior trial related to this

petition is reported at 365 F.Supp. 920 (App. E., *infra*, pp. 48-56). The opinion of the Court of Appeals in a prior proceeding related to this petition is reported at 516 F.2d 78 (App. G., *infra*, pp. 59-79).

JURISDICTION

The judgment of the Court of Appeals was entered on September 5, 1978 (App. C., *infra*, pp. 45-46). A timely petition for rehearing was denied on October 16, 1978 (App. D., *infra*, p. 47). The jurisdiction of this court is invoked under 28 U.S.C. § 1254 (1).

QUESTIONS PRESENTED

1. Whether the trial court resolved factual elements of the offense charged in granting a judgment of acquittal in petitioner's first trial.
2. Whether the Double Jeopardy Clause permits a second trial of a defendant who has obtained in his first trial a judgment of acquittal at the close of the Government's case, premised upon the conclusion of the trial court that the indictment failed to charge an offense because real property could not be the subject of embezzlement under 18 U.S.C. § 657.

CONSTITUTIONAL PROVISION, STATUTES AND RULES INVOLVED

U.S. CONST. amend. V, which provides in pertinent part:

. . . nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb;

18 U.S.C. § 3731, which provides in pertinent part:

In a criminal case an appeal by the United States shall lie to a Court of Appeals from a decision, judgment, or order of a district court dismissing an indictment or information as to any one or more counts, except that no appeal shall lie where the Double Jeopardy Clause of the United States Constitution prohibits further prosecution.

18 U.S.C. § 657, which provides in pertinent part:

Whoever, being an officer . . . of . . . any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation . . . embezzles, abstracts, purloins or willfully misapplies any monies, funds, credits, securities or other things of value belonging to such institution, . . . shall be fined . . . or imprisoned . . . or both.

18 U.S.C. § 1006, which provides in pertinent part:

Whoever, being an officer . . . of . . . any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation . . . with intent to defraud the . . . institution, . . . participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such . . . institution, . . . shall be fined . . . or imprisoned . . . or both.

FED. R. CRIM. P. 12 (b) (2):

Defenses and objections based on defects in the institution of the prosecution or in the indictment or information other than that it fails to show

jurisdiction in the court or to charge an offense may be raised only by motion before trial. The motion shall include all such defenses and objections then available to the defendant. Failure to present any such defense or objection as herein provided constitutes a waiver thereof, but the court for cause shown may grant relief from the waiver. Lack of jurisdiction or the failure of the indictment or information to charge an offense shall be noticed by the court at any time during the pendency of the proceeding.

FED. R. CRIM. P. 29 (a):

Motions for directed verdict are abolished and motions for judgment of acquittal shall be used in their place. The court on motion of a defendant or of its own motion shall order the entry of judgment of acquittal of one or more offenses charged in the indictment or information after the evidence on either side is closed if the evidence is insufficient to sustain a conviction of such offense or offenses. If a defendant's motion for judgment of acquittal at the close of the evidence offered by the government is not granted, the defendant may offer evidence without having reserved the right.

STATEMENT

Petitioner was indicted in 1973 for embezzlement of real property under 18 U.S.C. § 657. At the conclusion of the Government's case, petitioner moved for judgment of acquittal pursuant to Rule 29 of the Federal Rules of Criminal Procedure. The Motion was predicated on several grounds, one being that the indictment failed to charge an offense. Petitioner argued that real property could not be embezzled under the language of the statute, and that the Government had failed to establish the embezzlement of any property. The trial court granted the

motion for judgment of acquittal, agreeing with petitioner on both grounds. The trial court entered an informal opinion (App. F., *infra*, pp. 57-58), and subsequently filed a formal written opinion which was reported at 365 F.Supp. 920 (S.D. Tex. 1973) (App. E., *infra*, pp. 48-56).

The Government then obtained a second indictment charging petitioner with fraudulently receiving the benefits of a federally insured savings association transaction, in violation of 18 U.S.C. § 1006. This indictment related to the identical criminal misconduct alleged in the prior indictment and was supported by the same evidence. The trial court granted petitioner's motion to dismiss the second indictment, concluding that further prosecution was barred by the Double Jeopardy Clause. The Government appealed to the Fifth Circuit, and the inaictment was reinstated for trial over vigorous dissent. *United States v. Kehoe*, 516 F.2d 78 (5th Cir. 1975), cert. denied, 424 U.S. 909 (1976) (App. G., *infra*, pp. 59-79). The Honorable Griffin Bell, who is presently the Attorney General of the United States, wrote the dissenting opinion.

Upon remand for trial, the jury convicted petitioner of a violation of § 1006. On his second appeal to the Fifth Circuit, the panel initially reversed the conviction, holding that the decision of the previous panel on the double jeopardy issue was clearly erroneous. *United States v. Kehoe*, 573 F.2d 335 (5th Cir. 1978) (App. A., *infra*, pp. 20-42). The Government filed a petition for rehearing, contending that the decision rendered by the United States Supreme Court on June 14, 1978, in *United States v. Scott*, ____U.S____, 57 L.Ed.2d 65 (1978), compelled reversal of the panel decision. On September 5, 1978, the panel agreed, granted the petition for rehearing,

and affirmed the judgment of the trial court (App. B. and C., *infra*, pp. 43-46).

On October 16, 1978, the Fifth Circuit denied petitioner's petition for rehearing (App. D., *infra*, p. 47), but granted a stay of the mandate pending application to this court for a writ of certiorari.

REASONS FOR GRANTING THE WRIT

I. THE TRIAL COURT RESOLVED FACTUAL ELEMENTS OF THE OFFENSE IN TERMINATING THE § 657 PROSECUTION BY JUDGMENT OF ACQUITTAL.

The Government may appeal an adverse judgment in a criminal case only when authorized by statute. *United States v. Sanges*, 144 U.S. 310 (1892). 18 U.S.C. § 3731 provides that:

In a criminal case an appeal by the United States shall lie to a Court of Appeals from a decision, judgment, or order of a district court dismissing an indictment or information . . . except that no appeal shall lie where the Double Jeopardy Clause of the United States Constitution prohibits further prosecution.

A judgment of acquittal, no matter how erroneous, cannot be appealed. The initial concern for purposes of the Double Jeopardy Clause is whether the ruling of the trial court in the first instance actually constituted an acquittal. In *United States v. Scott*, ____U.S____, 57 L.Ed.2d 65 (1978), this court apparently restricted the definition of the term "acquittal," by defining an "acquittal" as a ruling which resolved in the defendant's favor,

correctly or not, some or all of the factual elements of the offense. 57 L.Ed.2d at 78. Thus, to render an acquittal as the term was used in *Scott*, the trial court must evaluate the Government's evidence and determine that it is legally insufficient to support a conviction. This definition of the term "acquittal" is narrower than the traditional definition of "acquittal" as "a legal determination on the basis of facts adduced at trial relating to the general issue of the case." *United States v. Martin Linen Supply Co.*, 430 U.S. 564, 575 (1977).

Petitioner submits that the trial court terminated the § 657 prosecution in his favor by considering, in part, the "factual elements of the offense." The ruling constituted an acquittal, even under the more restrictive definition announced in *Scott*. Petitioner submits that the trial court concluded both that § 657 did not apply to the embezzlement of real property, and that the Government had failed to prove that petitioner had embezzled any property whatsoever.

The trial court relied upon evidence adduced at trial in deciding to grant an acquittal under FED. R. CRIM. P. 29 (a) at the close of the Government's case-in-chief. In denominating its ruling as an acquittal as opposed to a dismissal or mistrial, the trial court was careful to acknowledge that it was fully aware of the thrust of Rule 29 as well as the significance of Rule 12 (b) (2) of the Federal Rules of Criminal Procedure. (App. F., *infra*, pp. 57-58). The critical language of the written opinion filed by the trial court is as follows:

This court was aware of and concerned with the fine distinctions being made when the motion for judgment of acquittal was urged by the defendants at

the close of the Government's case. *Had the evidence shown that the property was sold by and for the benefit of Surety Savings with the defendants in their fiduciary capacities diverting the consideration of such sale for their own benefit, an indictment alleging embezzlement might have been proper. However, the circumstances of this case, accepted as true for purposes of this motion, showed that the alleged consideration never was intended to flow to Surety but only to the defendants.* Although the defendants ostensibly deprived Surety Savings of real estate holdings, no funds, credits or securities belonging to Surety were taken. While this distinction is a fine one, it is one that is critical to the offense of 'embezzlement.' (Emphasis added)

365 F.Supp. at 924.

Although the form of the order entered by the trial court is not always conclusive as to its substance, it is inappropriate to ignore the form. *Sanabria v. United States*, ____U.S____, 57 L.Ed.2d 43, 55 (1978). It is clear that in granting the motion for judgment of acquittal, denominating the order as a judgment of acquittal, and stating in the order that the court recognized the difference between a judgment of acquittal and a dismissal of an indictment, the trial court recognized that the evidence had failed to show that the defendants, in their fiduciary capacities, had diverted the consideration of the transaction for their own benefit. In essence, the trial court concluded that the Government had failed to establish a *prima facie* case of embezzlement.

Had the trial court concluded merely that the indictment had failed to state an offense, and that under a proper indictment the petitioner could have been convicted of a violation of the law, the court would have

dismissed the indictment pursuant to FED. R. CRIM. P. 12. The trial court opted to grant a judgment of acquittal, and it is unfair at this time to categorize the ruling as either a dismissal of an indictment or the functional equivalent of a mistrial. Petitioner submits that the judgment of acquittal in the § 657 prosecution was the product of a combined failure of the indictment and evidence.

The motion for judgment of acquittal did not constitute a waiver of the right to obtain a resolution of the factual elements of the offense by the trier of fact. Had no motion for judgment of acquittal been made, the jury would have acquitted petitioner because there was insufficient evidence that any property had been embezzled. In like manner, the jury would have acquitted petitioner upon an instruction by the trial court that real property could not be embezzled under § 657. The fact that the trial court, rather than the jury, made this ruling should not dilute the effect of the acquittal. The trial court obviously concluded that under the applicable law and evidence the jury would have reached the same result. The order of the trial court contemplated an end to all prosecution of petitioner for this alleged transaction. In this respect, the case at bar is clearly distinguishable from *Scott*.

In *Scott*, the defendant deliberately sought a termination of the trial on a basis unrelated to factual guilt or innocence (contending that he was prejudiced due to preindictment delay). The trial court ruled in his favor, but as this court emphasized, there was no finding made by the trial court or jury as to Scott's guilt or innocence. 57 L.Ed.2d at 80. This court held that

where a defendant seeks to have a trial terminated without any submission to either the judge or jury as to his guilt or innocence, an appeal by the Government from his successful effort to do so is not barred by 18 U.S.C. § 3731.

In the case at bar, petitioner's motion for judgment of acquittal in the § 657 prosecution was not a deliberate choice to seek termination of the trial on a basis unrelated to factual guilt or innocence, but was an effort to convince the trial court that petitioner simply could not be convicted of the offense alleged. Cf. *Finch v. United States*, 433 U.S. 676 (1977). Unlike Scott, petitioner submitted the issue of guilt or innocence to the trial court by means of the motion for judgment of acquittal. Petitioner simply took the position that real property could not be embezzled under § 657 and that the evidence had failed to show the embezzlement of any property. Petitioner authorized the trial court to grant a judgment of acquittal instead of submitting the case to the jury, whereas Scott attempted only to have the court dismiss the indictment. Petitioner submits that an appeal by the Government of the § 657 ruling would have been barred because the trial court evaluated the Government's evidence and determined that it was legally insufficient to support a conviction for embezzlement. Cf. *United States v. Martin Linen Supply Co.*, *supra*.

The Double Jeopardy Clause precludes further prosecution of a defendant who has been acquitted, even where the indictment was fatally defective. *Ball v. United States*, 140 U.S. 118 (1890). Thus, even assuming *arguendo*, that the § 657 indictment was defective

and did not state an offense, a judgment of acquittal obtained on such a defective indictment may not be appealed. In like manner, the Government may not bring a new indictment under a separate statute which charges essentially the same offense.

The fact that an acquittal may result from an erroneous interpretation of governing legal principles does not alter its essential character. Even an "erroneous" acquittal, or one given for the wrong reason, has as much dignity as a "correct" acquittal. The power of a trial court to acquit defendants properly before it is absolute. In *Fong Foo v. United States*, 369 U.S. 141 (1962), after three witnesses testified for the Government in a jury trial and a fourth witness was on the stand, the trial court directed a verdict of acquittal due to improper conduct of the prosecutor and a lack of credibility of the Government witnesses. This court held that even though the trial court had erroneously directed an acquittal, the judgment could not be set aside nor could the defendant be retried. The trial court had jurisdiction over the person and subject matter and the trial did not terminate prior to the entry of the judgment of acquittal.

No final conclusion was reached on the issue of factual guilt or innocence in *Fong Foo*, yet that did not dilute the effect of the acquittal. The vitality of *Fong Foo* has been reaffirmed by this court in the recent series of cases interpreting the Double Jeopardy Clause. *Burks v. United States*, ____U.S____, 57 L.Ed.2d 1, 9 (1978); *Sanabria v. United States*, *supra*; *United States v. Scott*, *supra*. In particular, *Sanabria* relied heavily upon *Fong Foo* in concluding that a defendant may not be retried

for the same offense even if the legal rulings underlying a prior acquittal were erroneous, causing the acquittal to be based upon an "egregiously erroneous foundation." The trial court had made an erroneous evidentiary ruling which caused the exclusion of certain evidence and resulted ultimately in a judgment of acquittal. This court emphasized, however, "That judgment of acquittal, however erroneous, bars further prosecution on any aspect of the count and hence bars appellate review. . . ." 57 L.Ed.2d at 57.

Had this court desired to retreat from its position in *Fong Foo*, it could have overruled or distinguished *Fong Foo* in sustaining the double jeopardy contention made in *Sanabria*. This court could have characterized the conduct of the trial court in *Fong Foo* as granting the functional equivalent of a mistrial as a consequence of prosecutorial misconduct and lack of credibility of Government witnesses, and could have attempted to justify the termination of the proceedings as a matter of "manifest necessity." It is clear that by analyzing *Fong Foo* in terms of *Scott*, the trial court in *Fong Foo* did not resolve "the factual elements of the offense charged." By utilizing such an analysis, this court could have overruled *Fong Foo* in either *Sanabria* or *Scott*.

This court has revitalized *Fong Foo* in its recent decisions, and has reaffirmed the underlying principle that where the trial court exercises its power to acquit, the inquiry should end for all time, and another court should not substitute its opinion concerning what the trial court intended to do or should have done. Applying this reasoning to the case at bar, it is clear that even if the trial court acted improperly in granting a judgment of ac-

quittal, or even if it was wrong in concluding that the combined failure of the indictment and evidence called for a judgment of acquittal as opposed to a dismissal, that judgment of acquittal must be accepted as final.

Furthermore, neither petitioner, by moving for a judgment of acquittal, nor the trial court in granting same, contemplated a second trial for the same offense. Cf. *Sanabria v. United States, supra* at 61. Thus, it would be inappropriate to hold that petitioner waived his right to the protection of the Double Jeopardy Clause by moving for judgment of acquittal in the § 657 prosecution. "To hold that a defendant waives his double jeopardy protection whenever a trial court error in his favor on a midtrial motion leads to an acquittal would undercut the adversarial assumption on which our system of criminal justice rests, . . . and would vitiate one of the fundamental rights established by the Fifth Amendment." 57 L.Ed.2d at 63. Petitioner's motion for judgment of acquittal could not expressly or impliedly constitute the intentional relinquishment of a known right. Petitioner sought only to resolve the trial in his favor by requesting that the trial court find that the Government had failed to establish that any property whatsoever had been embezzled, and that real property could not be the subject of embezzlement under the statute.

Had the jury returned a verdict of acquittal, no one would suggest that such a verdict could be impeached should the jurors later admit that they acquitted for some reason other than on the facts. In like manner, had the trial court granted the motion for judgment of acquittal and not stated any reason for same, nor written an opinion, no one would suggest that the mental processes of the trial court could be examined to determine the

basis for granting the acquittal. However, because the trial court wrote an opinion which created some ambiguity on the question of the legal basis for granting the acquittal, the Government now attempts to undermine the effect of the ruling by subscribing to it a result that the court did not intend. The trial court did not intend to dismiss the indictment nor did it intend to declare a mistrial.

Petitioner submits that the trial court granted an acquittal in the § 657 prosecution, as that term has been defined in *Scott*, based in part upon factual conclusions pertaining to guilt or innocence. Even should this court conclude that the trial court was incorrect in doing so, or that it erroneously denominated the ruling as an acquittal, the rationale of *Fong Foo* demonstrates that further prosecution was improper. But for the judgment of acquittal granted by the trial court, the jury, properly instructed on the law, would have returned an acquittal.

II. THE POLICIES UNDERLYING THE DOUBLE JEOPARDY CLAUSE REQUIRE THE CONCLUSION THAT WHERE A TRIAL IS TERMINATED ON THE GROUND, CORRECT OR NOT, THAT THE DEFENDANT SIMPLY CANNOT BE CONVICTED OF THE OFFENSE CHARGED, FURTHER PROSECUTION IS BARRED.

Prior to the decision in *United States v. Scott, supra*, it was well established that even if a midtrial termination did not amount to an "acquittal," the Government could not appeal if a reversal would require "further proceedings of some sort, devoted to the resolution of the factual issues going to the elements of the offense charged."

United States v. Jenkins, 420 U.S. 358, 370 (1975). The original decision by the panel of the Court of Appeals held that *Jenkins* compelled the conclusion that further prosecution of petitioner was barred.

The Court of Appeals determined that even if the ruling of the trial court were characterized as a dismissal as opposed to an acquittal, it was clear that the trial court had determined that the Government's theory of the case—that real property could be embezzled under § 657—could never be proved by any set of facts nor by any amendment of the indictment. The Court of Appeals further reasoned that the order of the trial court contemplated no further prosecution for the § 657 offense. Thus, the order constituted a termination of the proceedings in favor of petitioner, and a determination by the trial court, whether correct or not, that petitioner simply could not be convicted of the offense charged.

The intervening opinion of this court in *Scott* overruled *Jenkins* and compelled the Court of Appeals to vacate its original opinion upon rehearing (App. B., *infra*, pp. 43-44). Petitioner submits that the view of the four dissenters in *Scott* is more persuasive and consistent with the values embodied in the Double Jeopardy Clause. Should this court determine that the trial court did not resolve factual elements of the offense in the § 657 prosecution, petitioner would urge that this court reconsider and reverse the decision in *Scott*.

The dissent in *Scott* succinctly emphasized that it was unsound to draw a distinction between "true acquittals" and other final judgments favorable to the defendant. 57 L.Ed.2d at 82. The primary safeguard of the Double Jeopardy Clause was the protection of the defendant

against multiple trials. Thus, a retrial following a final judgment for the defendant necessarily threatened the constitutional policy against multiple trials. 57 L.Ed.2d at 82-83.

These policies mandate that the Government be afforded but one complete opportunity to convict a defendant, and when the first proceeding terminates in a final judgment favorable to the defendant on the ground that he simply cannot be convicted of the offense charged, any retrial is barred. The decision in *Jenkins* was vital to the implementation of the values protected by the Double Jeopardy Clause.

Further prosecution of petitioner is barred should the court apply a *Jenkins* analysis. Even if the ruling of the trial court in the § 657 prosecution did not constitute an "acquittal" under the restrictive definition given to that term in *Scott*, it clearly constituted a determination that petitioner could not be convicted of an offense. To permit the § 1006 prosecution would require further proceedings to resolve factual issues going to elements of the offense charged. This is clearly impermissible under the more appropriate interpretation of the policies underlying the Double Jeopardy Clause. Cf. *Lee v. United States*, 432 U.S. 23 (1977); *Finch v. United States, supra*.

The restrictive definition given to the term "acquittal" in *Scott* is inconsistent with the policies underlying the Double Jeopardy Clause. Should this court determine that petitioner was not "acquitted" in the § 657 prosecution, petitioner submits that the court should reexamine *Scott*, reject its reasoning, and revitalize the rule announced in *Jenkins*.

III. 18 U.S.C. § 657 and 18 U.S.C. § 1006 CHARGE THE SAME OFFENSE FOR PURPOSES OF THE DOUBLE JEOPARDY CLAUSE.

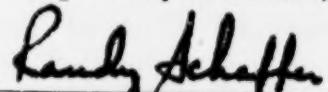
Petitioner submits that the Double Jeopardy Clause would have barred an appeal by the Government of the § 657 prosecution. Thus, the validity of the subsequent § 1006 prosecution must be determined by applying the traditional tests employed to decide whether the same conduct can justify prosecution under two separate statutes. If each statute requires proof of a fact and element that the other statute does not require, successive trials of a person for conduct allegedly violating both statutes does not violate the Double Jeopardy Clause. *Blockburger v. United States*, 284 U.S. 299 (1932). However, separate statutory crimes need not be identical, either in constituent elements or in actual proof to be the same within the meaning of the constitutional prohibition. *Brown v. Ohio*, 432 U.S. 161, 164 (1977).

An analysis of § 657 and § 1006 compels the conclusion that the subsequent prosecution under § 1006 violated the constitutional prohibition against double jeopardy. Both statutes prohibit the same conduct with the exception of the § 1006 requirement that an act of the institution be involved. Section 657 contains no element not present in § 1006. Thus, although the statutes are not identical because of the § 1006 "act of the institution" requirement, they are sufficiently similar to invoke the protections of the Double Jeopardy Clause. The original decision of the panel of the Court of Appeals was correct in so holding.

CONCLUSION

For these reasons, a writ of certiorari should issue to review the judgment and opinion of the United States Court of Appeals for the Fifth Circuit.

Respectfully submitted,



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APPENDICES

- Appendix A Opinion of Court of Appeals
- Appendix B Opinion of Court of Appeals on Rehearing
- Appendix C Judgment of Court of Appeals on Rehearing
- Appendix D Order of Court of Appeals denying Petition for Rehearing
- Appendix E Opinion of District Court in first trial
- Appendix F Informal Opinion of District Court in first trial
- Appendix G Opinion of Court of Appeals in related proceeding

APPENDIX A

UNITED STATES OF AMERICA,
Plaintiff-Appellee,

v.

CORNELIUS J. KEHOE and RAY K. BULLOCK,
Defendants-Appellants.

NO. 76-4346.

UNITED STATES COURT OF APPEALS,
Fifth Circuit.

May 22, 1978.

Defendants were indicted for violation of a federal statute making it illegal to make false entries in records of, or mishandling of, property of, certain enumerated federal credit institutions, with intent to defraud the United States. A double jeopardy contention was sustained, but the Court of Appeals reversed and remanded 516 F.2d 78, rehearing denied 521 F.2d 815. Defendants were thereafter convicted in the United States District Court for the Southern District of Texas at Houston, Woodrow B. Seals, J., and defendants appealed. The Court of Appeals, Lewis R. Morgan, Circuit Judge, held that: (1) dismissal of a previous prosecution for embezzlement was not a declaration of mistrial, for double jeopardy purposes, and it was irrelevant that the defendant requested the dismissal; (2) the dismissal of the previous charge was not appealable by the Government, and validity of the Government's instant prosecution under another statute was to be determined by ap-

plying traditional tests employed to decide whether same conduct could justify prosecution under two separate statutes and (3) the federal statute providing penalty for embezzlement from a federally insured institution and federal false statement statute protecting such insured institutions are not identical but are sufficiently similar that successive prosecutions offend the constitutional prohibition against double jeopardy.

Reversed.

Appeals from the United States District Court for the Southern District of Texas.

Before GOLDBERG and MORGAN, Circuit Judges, and WYZANSKI, District Judge.*

LEWIS R. MORGAN, Circuit Judge:

Defendants Kehoe and Bullock allege several errors that they argue require reversal of their conviction for violation of 18 U.S.C. § 1006.¹ The facts allegedly

* Senior Judge for the District of Massachusetts, sitting by designation.

1. 18 U.S.C. § 1006 states:

Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, National Credit Union Administration, Home Owners' Loan Corporation, Farm Credit Administration, Department of Housing and Urban Development, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation or by the Administrator of the National Credit Union Administration, or any small business investment company, with intent

constituting this criminal violation are extremely complex. From 1969-1971, defendants Bullock and Kehoe were directors of the Surety Savings Association, a federally insured corporation. Surety owned a 7.2 acre tract of land in Houston on which it wanted to build an office building, but state savings and loan regulations limited the amount of money that such institutions could invest in office real estate and, therefore, these regulations prevented Surety from developing the property. Consequently, the directors of Surety formed "Fondren Square," a limited partnership, to do that which Surety could not do: develop the property. Kehoe and Bullock were general partners in Fondren (both together held a 52% interest in the partnership) with five limited partners. Surety divided the 7.2 acre tract into two sections: a 2.5 acre tract [hereinafter referred to as Phase I] and a 4.7 acre tract [hereinafter called Phase II]. Surety then conveyed Phase I to Fondren Square for a profit of \$28,000, after which the latter built an office building and shopping center on the property. When the parking lot for this Phase I property was paved, however, .3 acre

to defraud any such institution or any other company, body politic or corporate, or any individual, or to deceive any officer, auditor, examiner or agent of any such institution or of department or agency of the United States, makes any false entry in any book, report or statement of or to any such institution, or without being duly authorized, draws any order or bill of exchange, makes any acceptance, or issues, puts forth or signs any note, debenture, bond or other obligation, or draft, bill of exchange, mortgage, judgment, or decree, or, with intent to defraud the United States or any agency thereof, or any corporation, institution, or association referred to in this section, participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such corporation, institution, or association, shall be fined not more than \$10,000 or imprisoned not more than five years, or both.

of Phase II, mistakenly thought to be part of Phase I, was also paved. This .3 acre figures prominently in the alleged criminal activity.

At this point Trans-Houston Corporation enters the picture. Trans-Houston was a wholly-owned subsidiary of Surety, chartered as a separate corporation and intended to act as an investment vehicle for real property. In September 1969 Surety transferred the Phase II property to Trans-Houston at cost in exchange for \$395,000 in Trans-Houston stock. Surety intended Trans-Houston to enter a joint venture with Fondren Square on the Phase II tract, with Trans-Houston supplying the property and Fondren assuming all liabilities for developing the property. In November, 1969, Surety made an entry in its books transferring Phase II from its asset column to the account of Trans-Houston; the latter made the same notation in its books. Title, however, was never formally deeded to Trans-Houston. Of course, the .3 acre discussed above was included in this Phase II property, although all parties presumably thought that it was part of Phase I.

By 1970, Phase I was losing money and the Fondren partners decided to sell it. A real estate broker advised them that Phase I was not very attractive unless the undeveloped Phase II property could be sold with it. Fondren consulted with its joint venturer Trans-Houston, who decided that it would be more profitable to sell Phase II than to expend more money developing it. Thus, both phases were to be sold together.

A problem in selling the property existed, however, with regard to Phase I. That is, Phase I and another property [Hedwig property] owned by Fondren were the

subjects of a cross-collateral agreement that ran in favor of Gibralter Savings and Loan Association. This meant that if a buyer bought one of the two properties [Hedwig or Phase I], his property would still be encumbered by the debts of the other. Obviously, this cross-collateral agreement impaired the marketability of Phase I. To alleviate this problem, Fondren got Gibralter to release the two properties—Phase I and Hedwig—from the cross-collateral agreement in return for a \$35,000 note executed by the limited partnership. Defendants Kehoe and Bullock signed the note individually and as general partners.

With the Phase I and Phase II properties now marketable, the real estate agent found a buyer, Triton Ventures. Triton Ventures offered to buy Phase I and take a one year option to buy Phase II. Yet, upon viewing a survey plat of the entire tract, Triton discovered that the .3 acre thought to belong to Fondren Square in Phase I was actually a part of Phase II. Triton insisted, however, that the .3 acre be included in the Phase I conveyance since it would need this area for parking at Phase I. Fondren agreed to this and in March, 1971, Fondren and Triton entered into an earnest money contract whereby Triton was to acquire Phase I and the .3 acre by paying \$35,000 in cash, assuming the \$900,000 note owed by Fondren on the property, and by assuming the \$35,000 note owed by Fondren and defendants to Gibralter. In addition, Triton had an option to buy Phase II. The earnest money contract was signed by Kehoe and Bullock on behalf of Fondren Square. Surety, which still held the deed on Phase II, deeded the .3 acre to Triton, with Kehoe signing for Surety. Triton gave back Kehoe a deed of trust on the .3 acre to secure

payment of the note to Gibralter. Thus, if Triton did not pay the \$35,000 note, it would lose the .3 acre which would revert to Gibralter Savings and Loan Association.

The contentions advanced by the Government at trial were that Surety owned the .3 acre in question.² Yet, Surety received no compensation for the .3 acre in that this .3 acre was conveyed to Triton in return for Triton paying off a note owed to Gibralter by Fondren and, in particular, by Kehoe and Bullock, Fondren's general partners. Accordingly, the Government contended that Kehoe, by making the unauthorized conveyance, and Bullock, by aiding and abetting in this transaction, fraudulently reaped the benefit on a sale of property that was owned by a federally insured institution. Further, the Government contended that since the minutes of Surety and Trans-Houston were silent as to the deed from Surety to Triton for the .3 acre, this meant that the Surety Board of Directors did not know of the conveyance. Accordingly, Kehoe's signature was an unauthorized conveyance made with the intent to defraud the federally insured institution and, thus, a violation of 18 U.S.C. § 1006. The Government further contended that Bullock aided and abetted this fraudulent conveyance.

[1] We have no difficulty rejecting defendants' allegations of error concerning the merits of the conviction, itself. First, defendants argue that, even assuming they committed the acts enumerated by the Government, the jurisdictional limits of 18 U.S.C. § 1006 prevent conviction.

2. While all of Phase II, including the .3 acre were on Trans-Houston's books, the Government contends that the deed was kept by Surety and, thus, was its property.

tion. That is, defendants contend that if they defrauded anyone through their receipt of the \$35,000 note from Triton Ventures it was Trans-Houston Corporation, the owner of the .3 acre in question and an entity not protected by § 1006. Thus, while defendants concede that record title of the .3 acre remained with Surety, they argue that Trans-Houston held equitable title, which under Texas law gives one "the present right to legal title."³ Without exploring Texas real property law, we deem it sufficient that record title, no matter how inferior it is to equitable title, contains some value, of which value defendants' dealings with Trans-Houston deprived Surety, an entity covered by § 1006. Even assuming that Trans-Houston bore all title to the land, we cannot ignore the fact that Surety owned one hundred percent of Trans-Houston's stock or that the 4.7 acres of land were the latter's sole asset. Congress intended that § 1006, in accordance with the maxim that a servant cannot serve two masters, should prohibit a conflict of interests situation such as that which occurred here. See *Beaudine v. United States*, 368 F.2d 417 (5th Cir. 1966). Accordingly, it is difficult to assail the Government's contention that defendants contravened § 1006 because, by diminishing the value of Trans-Houston's sole asset, the defendants were necessarily decreasing the value of its stock and, accordingly, the value of a Surety asset.

[2, 3] Defendants cite *Cartwright v. United States*, 146 F.2d 133 (5th Cir. 1944) in rebuttal of the Government's position on this issue. In *Cartwright*, the Government sought to convict the defendant for a violation of what

3. Defendants cite *Pegues v. Moss*, 140 S.W.2d 461 (Tex. Civ. App. 1940) for this proposition and opine that Texas statutory law, Tex. Rev. Civ. Stat. Ann. art. 7425b-5 (1960), also "strongly suggests" this result.

was then 18 U.S.C. § 82, which made illegal the theft of any property of the United States Government or of a corporation in which the United States owned stock. The Government had alleged in the indictment that the defendant stole property owned by the Government, although its evidence at trial indicated that the stolen property was owned by a corporation in which the United States owned stock. This court held that the Government having chosen to allege in the indictment that the stolen property was owned by the United States, itself, could not discharge its burden of proof by showing that another entity owned the property. *Cartwright v. United States*, 146 F.2d at 135. Clearly then *Cartwright* does not in any way support defendants' argument that Trans-Houston Corporation's alleged "equitable" ownership of the .3 acre deprives § 1006 of jurisdiction over the conduct in question. *Cartwright* is potentially significant for this case only through its disapproval of the introduction of evidence that varies from that evidence anticipated by the indictment. Yet, even on this limited ground, *Cartwright* is distinguishable from the present case. In this case the indictment charged that defendants "conveyed three-tenths (3/10) of an acre of land belonging to and in the care, custody and control of Surety Savings Association."⁴ Therefore, one could argue first that the allegations contained in the indictment did not vary from those proved at trial. That is, the indictment stated that the property in question was "in the care, custody, and control of Surety." Indeed, the Government proved that allegation at trial through its evidence showing that Surety owned all of Trans-Houston's stock and, thus, had effective control over disposition of the latter's assets. Of course,

4. R. p. 302.

defendants would argue that the indictment also stated that the .3 acre "belonged" to Surety and that accordingly, the evidence at trial varied from their allegation because it showed that the property "belonged" to Trans-Houston. One answer to that contention is that no matter what equitable interest Trans-Houston possessed, Surety still held record title to the property and, thus, its authorization was necessary, and indeed was sought in this case, to pass the title to Triton. Accordingly, the Government was not totally inaccurate in ascribing ownership of the property to Surety in its indictment. At any rate, even assuming a variance between the charge and proof, this court does not deem such a variance fatal unless it appears that this variance deprived the defendant of fair notice sufficient to enable him to prepare his defense. *United States v. Eaton*, 501 F.2d 77 (5th Cir. 1974); *United States v. Lambert*, 501 F.2d 943 (5th Cir. 1974), vacating 470 F.2d (5th Cir. 1972). Clearly, any variance in this case does not meet that test.

[4, 5] Defendants Bullock and Kehoe also argue that the evidence was insufficient to justify their conviction. We have examined the record and find that the Government introduced adequate evidence of defendants' guilt to uphold their convictions. In addition, we consider without merit defendant Bullock's contention that § 1006 is unconstitutionally vague. Likewise, we reject Bullock's claim that the indictment was insufficiently specific with respect to the description of the land conveyed and the benefits received. Fed. R. Crim. P. 7(c)(1) states that an indictment "shall be a plain, concise and definite written statement of the essential facts constituting the offense charged." The Government met that standard here.

Defendants' most troublesome argument in this case concerns the double jeopardy implication present in their prosecution. That is, the Government first tried defendants under an indictment charging violation of 18 U.S.C. § 657,⁵ which makes illegal the embezzlement of money and "other things of value" from institutions insured by the Federal Savings and Loan Insurance Corporation. After a jury had been empanelled and the Government had prosecuted its case in chief, the defendants moved for a judgment of acquittal on the ground that the indictment failed to charge an offense against the laws of the United States; specifically, they argued that real property cannot be embezzled under the provisions of 18 U.S.C. § 657. The district court judge, Judge Bue, granted defendants' motion, holding that the term "embezzlement" can apply

5. 18 U.S.C. § 657 states:

Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, National Credit Union Administration, Home Owners' Loan Corporation, Farm Credit Administration, Department of Housing and Urban Development, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation or by the Administrator of the National Credit Union Administration or any small business investment company, and whoever, being a receiver of any such institution, or agent or employee of the receiver, embezzles, abstracts, purloins or willfully misappropriates any moneys, funds, credits, securities or other things of value belonging to such institution, or pledged or otherwise intrusted to its care, shall be fined not more than \$5,000 or imprisoned not more than five years, or both; but if the amount or value embezzled, abstracted, purloined or misappropriated does not exceed \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

only to personal property. Shortly thereafter the Government obtained a new indictment against the defendants for the same transaction presented in the first trial; this indictment charged violation of 18 U.S.C. § 1006. Prior to trial, defendants moved to dismiss the indictment, arguing that a second trial arising out of the same transaction would place them in double jeopardy. Judge Seals, the district judge for this second indictment, granted the motion. Pursuant to 18 U.S.C. § 3731,⁶ the Government

6. 18 U.S.C. § 3731 states:

An appeal may be taken by and on behalf of the United States from the district courts direct to the Supreme Court of the United States in all criminal cases in the following instances:

From a decision or judgment setting aside, or dismissing any indictment or information, or any count thereof, where such decision or judgment is based upon the invalidity or construction of the statute upon which the indictment or information is founded.

From a decision arresting a judgment of conviction for insufficiency of the indictment or information, where such decision is based upon the invalidity or construction of the statute upon which the indictment or information is founded.

From the decision or judgment sustaining a motion in bar, when the defendant has not been put in jeopardy.

An appeal may be taken by and on behalf of the United States from the district courts to a court of appeals in all criminal cases, in the following instances:

From a decision or judgment setting aside, or dismissing any indictment or information, or any count thereof except where a direct appeal to the Supreme Court of the United States is provided by this section.

From a decision arresting a judgment of conviction except where a direct appeal to the Supreme Court of the United States is provided by this section.

From an order, granting a motion for return of seized property or a motion to suppress evidence, made before the trial of a person charged with a violation of any law of the United States, if the United States attorney certifies to the judge who granted such motion that the appeal is not taken for purpose of delay and that the evidence is a substantial proof of the charge pending against the defendant.

The appeal in all such cases shall be taken within thirty days

appealed the dismissal and a panel of this court, holding that a trial for the § 1006 violation would not contravene the Double Jeopardy Clause, reversed the district court order dismissing the second indictment. See *United States v. Kehoe*, 516 F.2d 78 (5th Cir. 1975), cert. denied, 424 U.S. 909, 96 S.Ct. 1103, 47 L.Ed.2d 313 (1976). Subsequently, defendants were tried under this second indictment and convicted of violating § 1006; it is this conviction that is the subject of the present appeal.

[6] One of defendants' major contentions upon this appeal is that, in a light of a recent Supreme Court opinion, *Finch v. United States*, 433 U.S. 676, 97 S.Ct. 2909, 53 L.Ed.2d 1048 (1977), the prior panel's ruling on the double jeopardy issue is now erroneous and that, accordingly, this panel should affirm Judge Seals' dismissal of the second indictment. In this court an opinion in a case becomes the "law of the case" and will not be overturned by a panel in a later appeal on the same issue in the same case unless it is shown to clearly erroneous

after the decision or judgment has been rendered and shall be diligently prosecuted.

Pending the prosecution and determination of the appeal in the foregoing instances, the defendant shall be released in accordance with chapter 207 of this title.

If an appeal shall be taken, pursuant to this section, to the Supreme Court of the United States which, in the opinion of that Court, should have been taken to a court of appeals, the Supreme Court shall remand the case to the court of appeals, which shall then have jurisdiction to hear and determine the same as if the appeal had been taken to that court in the first instance.

If an appeal shall be taken pursuant to this section to any court of appeals which, in the opinion of such court, should have been taken directly to the Supreme Court of the United States, such court shall certify the case to the Supreme Court of the United States, which shall thereupon have jurisdiction to hear and determine the case to the same extent as if an appeal had been taken directly to that Court.

and to work a manifest injustice. *United States v. Bedami*, 539 F.2d 440 (5th Cir. 1976); *United States v. Seiffert*, 501 F.2d 974 (5th Cir. 1974). We agree with defendants that *Finch* and another recent Supreme Court case, *Lee v. United States*, 432 U.S. 23, 97 S.Ct. 2141, 53 L.Ed.2d 80 (1977), do alter the analysis used by the first *Kehoe* panel; we do not agree, however, that these Supreme Court cases necessarily change the result in this case.

To explicate why we have reached this conclusion, a review of the first *Kehoe* opinion and relevant Supreme Court case law is appropriate. That panel's holding was based primarily on its "believe that a defendant who for reasons of trial tactics delays until mid-trial a challenge to the indictment that could have been made before the trial—and before jeopardy has attached—is not entitled to claim the protection of the double jeopardy clause when his objections to the indictment are sustained." 516 F.2d at 86. In reaching this determination, the panel examined recent Supreme Court pronouncements. It observed that at first glance *United States v. Jenkins*, 420 U.S. 358, 95 S.Ct. 1006, 43 L.Ed.2d 250 (1975) seemed to pose an obstacle to retrial of defendants through its holding that the Double Jeopardy Clause precludes an appeal of a trial court's order, entered before a finding of guilt or innocence, that discharges a defendant based on the judge's determination that he or she cannot be convicted of the offense charged.⁷ The panel noted, how-

7. In *Jenkins*, the district court, after hearing the evidence in a bench trial, dismissed an indictment charging refusal to submit to induction into the armed services. Under the law of the Second Circuit at the time of the offense, the induction order was improper and, accordingly, a person could not be convicted for refusing to submit to it. A subsequent decision, announced by the Second Circuit after the offense but before *Jenkins* had been charged with the crime, would allow conviction for refusal to submit to such an order. The

ever, that *Serfass v. United States*, 420 U.S. 377, 95 S.Ct. 1055, 43 L.Ed.2d 265 (1975), decided on the same day as *Jenkins*, limited the seemingly broad rule announced in *Jenkins*. For the panel, the significance of *Serfass* lay in the Supreme Court's reservation of two questions that otherwise would have fallen directly within the *Jenkins* rule. The reserved question pertinent to this case concerned whether appeal would be barred from a mid-trial ruling discharging the defendant on a legal ground that could have been raised by the defendant before trial. See *United States v. Kehoe*, *supra*, 516 F.2d at 84. Thus, interpreting *Jenkins* as a narrow holding limited to its facts, the panel held that it was not applicable to the case before it. Further, discovering no Supreme Court case on point, the panel determined that *Illinois v. Somerville*, 410 U.S. 458, 93 S.Ct. 1066, 35 L.Ed.2d 425 (1973) was most analogous to the present case. In *Somerville*, the trial judge declared a mistrial when the prosecution discovered, after jeopardy had attached, that the indictment contained an incurable jurisdictional defect; the Supreme Court held that "where the declaration of a mistrial implements a reasonable state policy and aborts a proceeding that at best would have produced a verdict that could have been

district court reasoned, however, that retroactive application of the intervening decision would be unfair. For this reason, and without entering any finding of guilt or innocence, the court dismissed the indictment. *United States v. Jenkins*, 349 F.Supp. 1068 (E.D. N.Y. 1972). Ruling upon the issue of whether the Government could appeal this order of dismissal, the Supreme Court held that such an appeal would violate the Double Jeopardy Clause. The Court reasoned that the proceedings in the trial court had terminated in the defendant's favor and, consequently, a Government appeal that, if successful, would require another trial to determine factual issues relating to the elements of the charge would violate the Double Jeopardy Clause. *United States v. Jenkins*, 420 U.S. 358, 95 S.Ct. 1006, 43 L.Ed.2d 250 (1975).

upset at will by one of the parties, the defendant's interest in proceeding to verdict is outweighed by the competing and equally legitimate demand for public justice." 410 U.S. at 471, 93 S.Ct. at 1074, 35 L.Ed.2d at 435. Accordingly, holding that despite the different terminology used to abort the first trial in *Somerville* and in the instant case, the effect was the same in both, the panel employed the interest-balancing approach used in *Somerville* and permitted a second prosecution. 516 F.2d at 85. In short, the panel having reasoned that *Jenkins*, limited by *Serfass*, did not control, it analyzed the dismissal as a mistrial and because this mistrial implemented a "reasonable state policy," it permitted a second prosecution.⁸

Defendants now contend that *Finch v. United States*, 433 U.S. 676, 97 S.Ct. 2909, 53 L.Ed.2d 1048 (1977), decided after *Kehoe*, changes the result in the latter case. As noted above, we believe that *Lee v. United States*, 432 U.S. 23, 97 S.Ct. 2141, 53 L.Ed.2d 80 (1977) and *Finch v. United States*, 433 U.S. 676, 97 S.Ct. 2909, 53 L.Ed.2d 1048 (1977), alter the reasoning employed by this court in its original opinion on this question. That is, in this case the Government did not appeal the district court's dismissal of the indictment charging a § 657 violation. Rather, it brought a new indictment, charging a

8. Assuming that the dismissal could have been analyzed as a mistrial, see discussion, *infra*, slip opinion at pp. ____ at pp. 4324-4327, the panel's conclusion that a second trial would not be prohibited by the Double Jeopardy Clause, was ratified by the Supreme Court in *United States v. Dinitz*, 424 U.S. 600, 96 S.Ct. 1075, 47 L.Ed.2d 267 (1976). In *Dinitz*, the Court held that when a defendant successfully moves for a mistrial and the error that necessitates the mistrial is not attributable to prosecutorial or judicial bad faith or overreaching, a second trial for the same offense does not contravene the Double Jeopardy Clause. *Dinitz*, 424 U.S. at 607, 96 S.Ct. 1075.

violation of § 1006. The first *Kehoe* panel decided the case under the assumption that the result on the double jeopardy issue would be the same whether the Government has appealed the § 657 dismissal or, as actually happened, had brought an indictment under another statute. Accordingly, it analyzed the case as if the Government were appealing the dismissal of the § 657 indictment and seeking a retrial on that charge should its appeal be successful. See *Kehoe*, 516 F.2d at 81 n.4 and at 84 n.8. Yet, *Lee* and *Finch* clearly indicate that the Double Jeopardy Clause would prevent an appeal of the original indictment charging a violation of § 657. In *Finch*, the Government charged the defendant with knowingly fishing on a portion of a river reserved for use by the Crow Indians in violation of 18 U.S.C. § 1165. The district court reviewed the applicable treaties and dismissed the information for failure to state an offense under the statute in that the relevant treaties indicated that the land on which the defendant was fishing was not held by an Indian group. The Supreme Court held that the Double Jeopardy Clause prevented the Government from appealing the dismissal "[b]ecause the dismissal was granted prior to any declaration of guilt or innocence, 'on the ground, correct or not, that the defendant simply cannot be convicted of the offense charged.'" *Finch*, 433 U.S. at 677, 97 S.Ct. at 2910, 53 L.Ed.2d at 1051, citing *Lee v. United States*, 432 U.S. at 23, 97 S.Ct. at 2141, 53 L.Ed.2d at 80.

Lee is significant for this case because of its explication of the *Jenkins* holding. In *Lee*, the defendant had been charged with theft of some wallets in a United States Post Office in violation of the Assimilative Crimes Act, 18 U.S.C. § 13. Immediately before trial, the defense

counsel moved to dismiss the indictment as defective in that an essential element of the offense—the intent to steal—was omitted from the indictment. Because the court had had no prior opportunity to consider the motion, it began the bench trial, reserving its decision on the motion. After both the prosecution and the defense had rested, the court ruled that although the defendant's guilt had been proven beyond a reasonable doubt, it found the indictment defective and granted the motion to dismiss. In analyzing the Double Jeopardy Claim, the Supreme Court reexamined *Jenkins, supra*, and reemphasized the importance of the distinction drawn between a mistrial and a dismissal. In *Jenkins*, the Court had stated that it was of critical importance to its determination that *Jenkins* could not be retried that the proceeding in the trial court had terminated in the defendant's favor rather than in a mistrial. *Lee v. United States*, 432 U.S. at 30, 97 S.Ct. at 2146, 53 L.Ed.2d 80. The Court noted that

[t]he distinction drawn by *Jenkins* does not turn on whether the District Court labels its action a 'dismissal' or a 'declaration of mistrial.' The critical question is whether the order contemplates an end to all prosecution of the defendant for the offense charged. A mistrial ruling invariably rests on grounds consistent with reprocution, . . . while a dismissal may or may not do so. Where a midtrial dismissal is granted on the ground, correct or not, that the defendant simply cannot be convicted of the offense charged, *Jenkins* establishes that further prosecution is barred by the Double Jeopardy Clause.

432 U.S. at 30, 97 S.Ct. at 2146, 53 L.Ed.2d at 87 (emphasis added). Applying this standard to the case before it, the Court held that

the proceedings against Lee cannot be said to have terminated in his favor. The dismissal clearly was not predicated on any judgment that Lee could never be prosecuted or convicted for the theft of the two wallets. To the contrary, the District Court stressed that the only obstacle to a conviction was that the fact that the information had been drawn improperly. The error, like any prosecutorial or judicial error that necessitates a mistrial, was one that could be avoided—absent any double jeopardy bar—by beginning anew the prosecution of the defendant. And there can be a little doubt that the court granted the motion to dismiss in this case in contemplation of just such a second prosecution. In short, the order entered by the District Court was functionally indistinguishable from a declaration of mistrial.

Lee, 432 U.S. at 30, 97 S.Ct. at 2146, 53 L.Ed.2d at 87 (footnote omitted). Having determined that this proceeding had ended in a mistrial, the Court applied the rule articulated in *United States v. Dinitz*, 424 U.S. 600, 96 S.Ct. 1075, 47 L.Ed.2d 267,⁹ and held that the defendant having made the motion for a mistrial, he is estopped from claiming the protections of the Double Jeopardy Clause in a subsequent trial for the same offense.

[7] In the present case, the district court clearly did not intend its dismissal of the § 657 indictment as a declaration of mistrial. The error that necessitated the court's dismissal was not a simple defect in the indictment that, as in *Lee*, could be cured by redrawing the instrument to include an essential element that was omitted in the first indictment. Rather the order of dismissal was grounded on the court's determination that the Government's theory of the case—the real property

9. See n. 8, *supra*.

can be embezzled or misappropriated under § 657—could never be proved by any set of facts nor by any amendment of the indictment; its indictment quite simply stated no offense prohibited by § 657. Unlike the order in *Lee*, the district court's order here contemplated no second prosecution for this § 657 offense.¹⁰ Accordingly, the order of dismissal did constitute a termination of the proceedings in the defendant's favor and a determination by the district court, whether correct or not, that the "defendant simply [could] not be convicted of the offense charged."

Therefore, because we conclude that the district court's order of dismissal should be considered as a dismissal, not as a mistrial, under the *Jenkins* test, we do not consider the second part of the *Lee* opinion, relating to the defendant's "waiver" of his right to object to a second trial if he requested the mistrial and if neither the Government nor the court has acted in bad faith. That is,

10. The Government argues that, as in *Lee*, the order of dismissal here did not contemplate that defendants Kehoe and Bullock could not be convicted of some offense, although not 18 U.S.C. § 657. Yet, in *Lee*, the court's mid-trial dismissal was labeled a mistrial because the court anticipated reprocution for the same offense charged in the indictment that was being dismissed there. In this case, the district court clearly did not envision reprocution for the § 657 charge as a result of its dismissal. Even if the court expected retrial of defendants for some other offense—and that is nowhere indicated in its order—that expectation in no way negates the court's determination that defendant could not be convicted for a § 657 violation. Indeed, in *Finch v. United States*, 433 U.S. 676, 97 S.Ct. 2909, 53 L.Ed.2d 1048, discussed *supra* slip opinion at ___, at 4324, the district court dismissed an information that charged a violation of 18 U.S.C. § 1165 as failing to state an offense. The Supreme Court held that the Double Jeopardy Clause prevented an appeal of this dismissal. Thus, simply because the district court's dismissal did not preclude another prosecution under another statute for the same conduct did not alter the Government's inability to appeal the dismissal itself.

the Government argues that *Lee* is helpful to their argument in that it holds that whenever a defendant exercises a choice in favor of termination, rather than continuation, of the trial, *Dinitz* principles¹¹ control and the defendant is estopped from objecting to a second trial. The Government ignores, however, the Supreme Court's insistence that one must first find that the district court's termination of the case constitutes a declaration of mistrial, before one can apply this *Dinitz* waiver-like concept. Here, as discussed above, it is clear that the district court did not intend its order of dismissal as a mistrial. Accordingly, it is irrelevant that the defendant requested the dismissal.

[8, 9] Similarly, the Government might argue that conceding the above discussion to be correct, *Lee* does not alter this court's first opinion in this case under the "clearly erroneous" standard in that the basis for the panel's decision—that one who for reasons of trial tactics delays until mid-trial a challenge to the indictment that could have been made before jeopardy attached—was not touched upon by the Supreme Court in *Lee*. It is true that the Court did not address this precise question in *Lee*. Nevertheless, its discussion of the *Jenkins* decision indicates that the timing of the defendant's motion to dismiss is not the threshold question. That is, in *Lee*, the defendant delayed making a challenge of the indictment that could have been made before trial until after jeopardy had attached.¹² The Court's first question, how-

11. See n. 8.

12. In *Lee*, defendant made his motion to dismiss immediately before the trial began. Nevertheless, after determining that the court's dismissal was indeed a mistrial, the Supreme Court deemed the defendant's motion to dismiss as having been made after jeopardy had attached, in that the defense counsel gave the court little opportunity to consider the motion before jeopardy had attached, he

ever, was whether the termination of the trial envisioned a second prosecution for the offense after the defective indictment had been corrected or whether the dismissal was grounded instead on the conclusion, correct or not, that the defendant simply could not be convicted of the offense charged. Clearly, had the Court found that the case had finally ended in Lee's favor, it would not have considered probative the failure of Lee to make the motion to dismiss until after jeopardy had attached.

Having determined that *Lee* and *Finch* would prevent the Government's appeal of the dismissal of the § 657 indictment, the validity of the Government's subsequent prosecution of the § 1006 charge must be determined by applying the traditional tests employed to decide whether the same conduct can justify prosecution under two separate statutes. In order to determine whether a given act can be tried as a violation of two separate statutes we employ the "different evidence" test formulated by the Supreme Court in *Blockburger v. United States*, 284 U.S. 299, 52 S.Ct. 180, 76 L.Ed. 306 (1932). That is, if each statute requires proof of a fact and element that the other statute does not require, then successive trials of a person for conduct allegedly violating both statutes does not violate the Double Jeopardy Clause. *Brown v. Ohio*, 432 U.S. 161, 97 S.Ct. 2221, 53 L.Ed.2d 187 (1977); *United States v. Ewell*, 383 U.S. 116, 86 S.Ct. 773, 15 L.Ed.2d 627; *United States v. Hill*, 500 F.2d 733 (5th Cir. 1974). *United States v. Costello*,

made no effort to withdraw the motion after jeopardy had attached, and he offered no objection to the termination of the proceedings before a finding of guilt or innocence had been entered. *Lee v. United States*, 432 U.S. 23, 33, 97 S.Ct. 2141, 2147, 53 L.Ed.2d 80, 89 (1977).

483 F.2d 1366 (5th Cir. 1973); *United States v. Young*, 482 F.2d 993 (5th Cir. 1973); *Hattaway v. United States*, 399 F.2d 431 (5th Cir. 1968). In applying this standard, however, we are mindful that this is not a standard of mathematic precision. In *Brown, supra*, the Supreme Court recognized this limitation: "It has long been understood that separate statutory crimes need not be identical—either in constituent elements or in actual proof—in order to be the same within the meaning of the constitutional prohibition." 432 U.S. at 164, 97 S.Ct. at 2224, 53 L.Ed. at 187. The statutes themselves are the prime sources for this analysis. By first resolving the statutes into their constituent elements, and then comparing the elements, along with their probable judicial glosses, the double jeopardy issue may be analyzed.

[10] Resolved into its elements § 657 provides:

- (1) Whoever, being an officer . . . of . . . any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation
- (2) embezzles, abstracts, or willfully misapplies
- (3) any moneys, funds, credits, securities, or other things of value belonging to such institution, shall be fined or imprisoned or both.

In the same fashion, § 1006 contains the following four elements:

- (1) Whoever, being an officer . . . of . . . any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation
- (2) with intent to defraud the . . . institution receives directly or indirectly

- (3) any money, profit, property, or benefits
- (4) through any transaction, loan, commission, contract, or any other act of any such . . . institution, shall be fined or imprisoned or both.

Even though the sections employ different language, we are persuaded that both statutes proscribe the same conduct with the exception of the § 1006 requirement that an act of the institution be involved. The first and third elements of both are nearly identical. The second elements, the scienter requirements, although employing different language, are broad enough to be construed to proscribe the same peculations. Although § 1006's fourth element has no analog in § 657, the *Blockburger* test is not thereby satisfied because *each* statute must contain an element that the other does not and Section 657 contains no element not present in § 1006. We therefore, hold that § 657 and § 1006, although not identical because of the § 1006 "act of the institution" requirement, are sufficiently similar that successive prosecutions under the statute offend the constitutional prohibition against double jeopardy.

REVERSED.

APPENDIX B

UNITED STATES of America,
Plaintiff-Appellee,

v.

Cornelius J. KEHOE and Ray K. Bullock,
Defendants-Appellants.

No. 76-4346.

UNITED STATES COURT OF APPEALS
Fifth Circuit.

Sept. 5, 1978.

Appeals from the United States District Court for the Southern District of Texas, SEALS, J.

On Petition for Rehearing and Petition
for Rehearing En Banc

(Opinion May 22, 1978, 5 Cir., 1978, 573 F.2d 335)

Before GOLDBERG and MORGAN, Circuit Judges
and WYZANSKI, District Judge.*

PER CURIAM.

In *United States v. Kehoe*, 573 F.2d 335 (5th Cir. 1978), we reviewed several alleged errors including defendants' claim that their conviction under 18 U.S.C. § 657 violated double jeopardy. While rejecting the de-

* Senior Judge for the District of Massachusetts, sitting by designation.

fendants' other contentions, we relied on *United States v. Jenkins*, 420 U.S. 358, 95 S.Ct. 1006, 43 L.Ed.2d 250 (1975) to hold that the § 657 conviction abridged the Double Jeopardy Clause. Subsequently, the Supreme Court expressly overruled *Jenkins* in *United States v. Scott*, ____U.S____, 98 S.Ct. 2187, 57 L.Ed.2d 65, 46 U.S.L.W. 4653 (1978). The portion of our opinion relying on *Jenkins*, 573 F.2d at 340-346, must be vacated in light of *Scott*. We now hold that the defendants' conviction did not violate double jeopardy and we therefore affirm the judgment of the district court.

APPENDIX C

UNITED STATES COURT OF APPEALS For The Fifth Circuit

October Term, 1978

No. 76-4346

D.C. Docket No. CR-73-H-413

UNITED STATES OF AMERICA,
Plaintiff-Appellee,

versus

CORNELIUS J. KEHOE, and RAY K. BULLOCK,
Defendants-Appellants.

Appeals from the United States District Court for the
Southern District of Texas

Before GOLDBERG and MORGAN, Circuit Judges, and
WYZANSKI, District Judge.*

JUDGMENT ON REHEARING

This cause came on to be heard on plaintiff-appellee's petition for rehearing and rehearing en banc;

* Senior Judge for the District of Massachusetts, sitting by designation.

ON CONSIDERATION WHEREOF, It is now here ordered and adjudged by this Court that the portion of the opinion and judgment relying on Jenkins, 573 F.2d at 340-346, entered by the Court on May 22, 1978 is vacated. The judgment of the District Court appealed from is affirmed in accordance with the opinion of this Court.

September 5, 1978

Issued As Mandate:

APPENDIX D

UNITED STATES COURT OF APPEALS
Fifth Circuit

OFFICE OF THE CLERK

Edward W. Wadsworth
Clerk

Tel. 504-589-6514

600 Camp Street

New Orleans, La. 70130

October 16, 1978

TO ALL PARTIES LISTED BELOW:

NO. 76-4346—U.S.A. vs. CORNELIUS J. KEHOE,
and RAY K. BULLOCK

Dear Counsel:

This is to advise that an order has this day been entered denying the petition(s) for rehearing,* and no member of the panel nor Judge in regular active service on the Court having requested that the Court be polled on rehearing en banc (Rule 35, Federal Rules of Appellate Procedure; Local Fifth Circuit Rule 12) the petition() for rehearing en banc has also been denied.

See Rule 41, Federal Rules of Appellate Procedure for issuance and stay of the mandate.

Very truly yours,

EDWARD W. WADSWORTH,
Clerk

By /s/ SALLY HAYWOOD
Deputy Clerk

* On behalf of Cornelius and Ray Bullock

cc: Mr. James J. Hippard
Mr. Randy Schaffer
Ms. Mary L. Sinderson

APPENDIX E

UNITED STATES of America

v.

Cornelius J. KEHOE and Ray K. Bullock.

Crim. No. 73-H-213.

United States District Court.

S. D. Texas.

Houston Division.

Nov. 8, 1973.

Defendants who were charged with embezzlement from an institution the accounts of which were insured by Federal Savings and Loan Insurance Corporation filed motion for judgment of acquittal. The District Court, Carl O. Bue, Jr., J., held that term "embezzlement" was limited to items of personal property and, therefore, indictment charging that defendants had conveyed land belonging to financial institution of which they were officers to third party in return for third party's assumption of note on which defendants were contingently liable failed to charge an offense.

Motion granted.

Anthony J. P. Farris, U. S. Atty., Henry J. Novak, Jr., Asst. U. S. Atty., Houston, Tex., for plaintiff.

Robert A. Hall, Kennerly, Woodard, Hall, McCrory & Henry, Houston, Tex., for defendant Kehoe.

Richard Haynes, Haynes & Fullenweider, Houston, Tex., for defendant Bullock.

MEMORANDUM AND OPINION

CARL O. BUE, Jr., District Judge.

Following completion of the Government's case, the defendants moved for judgment of acquittal under Fed. R. Crim. P. 29(a) alleging several grounds in support thereof. Of central importance to this Court's decision was the claim that the indictment failed to charge an offense against the laws of the United States of America, this being a non-waivable defense under Fed. R. Crim. P. 12(b)(2). In what is apparently a case of first impression in the federal courts, this Court felt constrained to grant defendants' motion for the reasons set forth below.

The indictment charged that defendants Kehoe and Bullock, President and Advisory Director, respectively, of Surety Savings Association, an institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation, embezzled .3082 acres of land, valued at \$35,000, belonging to said institution, in violation of Title 18, United States Code, Section 657. Construing the evidence most favorably to the Government, the defendants were essentially charged with having used their fiduciary positions of authority to convey title to the land from Surety Savings to a third party. The sole consideration was alleged to have been the assumption by that third party of a promissory note for \$35,000 on which the defendants were contingently liable. It was alleged that no consideration flowed to Surety Savings as a consequence of the conveyance of its property. The defendants strongly contest these assertions and contend that had they gone forward with the defense, they would have shown full consideration flowing to Surety Savings

in an environment of bona fide, legal and legitimate business negotiations.

The critical issue before this Court was whether or not real property may be "embezzled" under this statute as alleged in the indictment.

Section 657, Title 18, United States Code provides, in pertinent part:

Whoever, being an officer . . . of . . . any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation . . . embezzles, abstracts, purloins or willfully misapplies any moneys, funds, credits, securities or other things of value belonging to such institution, or pledged or otherwise entrusted to its care, shall be fined . . . or imprisoned. . . .

Embezzlement has been defined for federal courts as "the fraudulent appropriation of property by a person to whom such property has been intrusted, or into whose hands it has lawfully come". *Moore v. United States*, 160 U.S. 268, 269-270, 16 S.Ct. 294, 295, 40 L.Ed. 422, 424 (1895); *Woxberg v. United States*, 329 F.2d 284, 290 (9th Cir. 1964); 29A C.J.S. Embezzlement § 1 (1965); 26 Am. Jur. 2d Embezzlement § 1 (1966). It has been stated that embezzlement is a purely statutory offense, not having been a crime at common law. *Hughes v. United States*, 4 F.2d 686, 687 (10th Cir. 1925); 29A C.J.S. Embezzlement § 2 at 4-5 (1965); 26 Am. Jur. 2d Embezzlement § 1 at 549-50 (1966). *Contra United States v. Davenport*, 266 F. 425, 431 (W.D. Tex. 1920), aff'd, 276 F. 803 (5th Cir. 1921); *United States v. Cadwallader*, 59 F. 677, 680 (W.D. Wis. 1893) [both district courts citing 4 Bl. Comm. 231, an authority not

readily available to this court.] This Court's necessarily limited review of embezzlement and its history comports fully with the following summary:

Embezzlement is purely statutory in its origin; it was unknown at common law, which, insofar as personal property was concerned, penalized only interferences with possession. Accordingly, at common law, if the possession of personal property was lawfully obtained in the first instance, its subsequent appropriation by the possessor constituted no offense. It was this failure of the common law to provide any criminal remedy for these breaches of trust, incident to the multiplying affairs of business on the part of servants, clerks, agents, bailees, trustees, and other persons occupying fiduciary positions that led to the enactment of the present Penal Code provision dealing with embezzlement. These provisions were not, however, intended to provide against every breach of duty or pecuniary obligation on the part of agents and employees toward principals and employers. Accordingly, in applying those articles of the Code to the various cases that may arise, careful discrimination is required, for it is sometimes difficult to draw with entire precision the line of demarcation between acts punishable as crimes under the code and those that are not within its purview, although presenting instances of breach of trust.

21 Tex. Jur. 2d Embezzlement and Conversion § 2 at 579-80 (1961).

[1] The Government has contended that the statutory language "other things of value" was sufficiently broad to include real property. The defendants have contended that the Court should apply the statutory rule of construction denominated "ejusdem generis" wherein the

phrase should be construed to include only those things of the same class or nature as those specifically enumerated in the statute, this class being limited to items of personal property.¹

[2, 3] While there are critical distinctions between embezzlement and the other offenses included within this statute, all are basically similar in nature to larceny. See *Morissette v. United States*, 342 U.S. 246, 260-261, 72 S.Ct. 240, 96 L.Ed. 288, 299 (1951); *Moore v. United States*, 160 U.S. 268, 16 S.Ct. 294, 40 L.Ed. 422 (1895); *United States v. Northway*, 120 U.S. 327, 7 S.Ct. 580, 30 L.Ed. 664 (1887). Larceny is commonly defined as "the felonious taking and carrying away of the personal goods of another". *United States v. Turley*, 352 U.S. 407, 412, 77 S.Ct. 397, 399, 1 L.Ed.2d 430, 434 (1957). The elements of embezzlement are admittedly somewhat different.

[Embezzlement] differs from larceny in that the fact that the original taking of the property was lawful, or with the consent of the owner, while in larceny the felonious intent must have existed at the time of the taking.

Moore v. United States, 160 U.S. 268, 269, 16 S.Ct. 294, 295, 40 L.Ed. 422, 424 (1895). See also *United States*

1. The rule of *ejusdem generis*, closely related to that of *noscitur a sociis*, remains a valid rule of construction. See *United States v. Standard Oil Co.*, 384 U.S. 224, 228, 86 S.Ct. 1427, 1429, 16 L.Ed. 2d 492, 495 (1966); *Haberman v. Equitable Life Assurance Society of United States*, 224 F.2d 401, 405 (5th Cir. 1955), reh. den., 225 F.2d 837, cert. denied, 350 U.S. 948, 76 S.Ct. 322, 100 L.Ed. 826 (1956). The proper application of these rules is thoroughly discussed elsewhere. See 50 Am. Jur. Statutes §§ 249, 250 (1944). Most of the United States Supreme Court cases discussing the application and limits of these rules have been annotated. See Annot., 94 L.Ed. 464 (1949).

v. Powell, 294 F. Supp. 1353, 1355 (E.D. Va. 1968), aff'd, 413 F.2d 1037 (4th Cir. 1969); 29A C.J.S. Embezzlement § 5 (1965). Notwithstanding this fact, and notwithstanding the apparent majority view that "embezzlement" is a purely statutory rather than a common law offense, the term, nevertheless, has acquired a well established connotation which approaches the sanctity of a common law meaning. *United States v. Northway*, *supra*, 120 U.S. at 334, 7 S.Ct. at 584, 30 L.Ed at 666. It is limited to items of personal property, similar to the offense of larceny after which embezzlement was patterned. Where a federal criminal statute uses a common-law term of established meaning without otherwise defining it, the United States Supreme Court has held that the general practice is to give that term its common-law meaning. *United States v. Turley*, 352 U.S. 407, 411, 77 S.Ct. 397, 399, 1 L.Ed.2d 430, 433 (1957). This same practice appears to be proper for established terms such as "embezzlement".

In 1896 the Supreme Court of California was confronted with virtually the identical issue now before this Court, the specific statute there under consideration being one pertaining to "false pretenses".

And the offense of false pretenses, under the English statutes, has always been construed as largely analogous to, and closely bordering upon, that of larceny, and as applying only to personal property, which was capable of manual delivery, and the subject of the latter offense, and has always been punishable in much the same manner as larceny. Real property under the English law was never the subject of the offense either of cheating or of false pretenses. Being incapable of larcenous asportation, it was not regarded as requiring at the hands of the criminal law

the same protection as personality. Since it could not be carried away and dissipated like chattels, although a man might be deprived of his landed estate by means of fraudulent practices and devices, yet the property was bound to remain stationary, and accessible to the reach of the law, and he was relegated to the civil courts for his redress of the wrong.

Our American statutes upon the subject have all followed more or less closely those of England. As indicated, there are slight differences in language, but in substantive purpose and effect they are the same.

People v. Cummings, 114 Cal. 437, 46 P. 284 (Sup. Ct. 1896). Other state cases which have been located reach the identical conclusion for substantially the same reasons. See State v. Clark, 60 Ohio App. 367, 21 N.E. 484 (1938); Manning v. State, 175 Ga. 875, 166 S.E. 658 (Sup. Ct. 1932); State v. Eno, 131 Iowa 619, 109 N.W. 119 (1906). This Court has thoroughly reviewed federal criminal statutes, and annotations relating thereto, similar in nature to embezzlement, theft and larceny² and has been unable to find any legislative indication that Congress has sought to modify the traditional definition and limitations of larcenous-like offenses. The logic of People v. Cummings, as applied in a federal context, appears to be as valid now as it was in 1896. It was instructive to this Court to note that the California legislature subsequently amended the California statute at issue in *Cummings*. The California Supreme Court thereafter held that it was proper for the legislature to depart from the common law by specifically including real property within the statute. People v. Rabe, 202 Cal. 409, 416, 261 P. 303, 306

2. 18 U.S.C. §§ 641-660.

(Sup. Ct. 1927). Since then real property in California has been held to be properly the subject of embezzlement, People v. Roland, 134 Cal. App. 675, 26 P.2d 517 (1933), as well as larceny. People v. Pugh, 137 Cal. App. 2d 226, 289 P.2d 826 (1955), app. denied, 352 U.S. 885, 77 S.Ct. 141, 1 L.Ed.2d 83 (1956); People v. Brunwin, 2 Cal. App. 2d 287, 37 P.2d 1072 (1934).

[4] This Court was aware of and concerned with the fine distinctions being made when the motion for judgment of acquittal was urged by defendants at the close of the Government's case. Had the evidence shown that the property was sold by and for the benefit of Surety Savings with the defendants in their fiduciary capacities diverting the consideration of such sale for their own benefit, an indictment alleging embezzlement might have been proper. However, the circumstances of this case, accepted as true for purposes of this motion, showed that the alleged consideration never was intended to flow to Surety but only to the defendants. Although the defendants ostensibly deprived Surety Savings of real estate holdings, no funds, credits or securities belonging to Surety were taken. While this distinction is a fine one, it is one that is critical to the offense of "embezzlement".

Criminal statutes are to be construed strictly with an eye to precedent, legislative history and common sense. See United States v. Standard Oil Co., 384 U.S. 224, 225, 86 S.Ct. 1427, 1428, 16 L.Ed.2d 492, 494 (1966). This Court has made every effort to do so and has found no legislative indication that the traditional personal property limitation of embezzlement has been abrogated by Congress. For this Court to hold that real estate may be the subject of embezzlement under this federal statute as

presently framed would not involve court interpretation, but would constitute judicial legislation.

The restricted usage of the term embezzlement necessitated the application of the doctrine of ejusdem generis to the phrase "other things of value" contained in Title 18, United States Code, Section 657. Properly interpreted, it may include only items of personal property. For the foregoing reasons, this Court granted defendants' motion for judgment of acquittal on the grounds that the indictment failed to state an offense against the United States of America.

APPENDIX F

IN THE

UNITED STATES DISTRICT COURT

For the Southern District of Texas
Houston Division

UNITED STATES OF AMERICA

v.

CORNELIUS J. KEHOE and RAY K. BULLOCK

CRIMINAL NO. 73-H-213

This Court has given close consideration to the Defendants' argument and authorities in support of their motion for judgment of acquittal as well as the Government's response, both as set forth in written legal memoranda as well as in conference in Chambers yesterday. The legal area in question is not without considerable difficulty. In a relatively brief but intensive search of authorities which included a check of annotations, legislative history, and even a call to the Library of Congress, this Court has found no federal authority discussing whether or not embezzlement applies, or should apply, to real property as alleged in the indictment against these two defendants. This Court has located only a few cases in state jurisdictions wherein the issue was considered. It is the opinion of this Court that historically the term embezzlement has been limited only to personal property. In the absence of specific legislation reflecting a clear intent to expand the term to cover real property, the more persuasive view of the existing jurisprudence is that em-

bezzlement statutes were never intended by legislatures to cover offenses relating directly to real property such as is alleged in the indictment before this Court.

This is a criminal case in which the contents of an indictment must necessarily be scrutinized with great care. The Court is fully aware of the thrust of Rule 29 as well as the significance of Rule 12(b)(2) of the Federal Rules of Criminal Procedure. These have been carefully considered. Because the Government has not met its burden of proof in demonstrating that the indictment recites an offense for which prosecution may be brought, a Judgment of Acquittal as to both defendants will be entered. This Court will issue a memorandum opinion within the next few days setting forth in greater detail the legal basis on which this conclusion was reached.

APPENDIX G

UNITED STATES OF AMERICA,
Plaintiff-Appellant,

v.

Cornelius J. KEHOE and Ray K. Bullock,
Defendants-Appellees.

NO. 74-2353.

UNITED STATES COURT OF APPEALS,
FIFTH CIRCUIT
July 16, 1975.

Defendants were charged with embezzling certain land from a savings association in violation of federal statutes. After the government had presented its case-in-chief, a motion for "judgment for acquittal" on the ground that the indictment failed to charge an offense against the United States in that real property could not be the subject of an embezzlement was granted by judgment expressly denominated an acquittal rather than a dismissal of indictment. Defendants were thereafter indicted for the same transaction, but for violation of a federal statute making it illegal to make false entries in the records of, or mishandling of property of, certain enumerated federal credit institutions, with intent to defraud the United States. A double jeopardy contention was sustained by the United States District Court for the Southern District of Texas at Houston, Woodrow B. Seals, J., and the United States appealed. The Court of Appeals, Thornberry, Circuit Judge, held that a defendant who for reasons of trial tactics delays until mid-trial a challenge

to indictment that could have been made before trial, and before jeopardy has attached, is not entitled to claim protection of the double jeopardy clause when his objections to indictment are sustained.

Appeal from the United States District Court for the Southern District of Texas.

Before, BELL, THORNBERRY and GEE, Circuit Judges.

THORNBERRY, Circuit Judge:

Presented for decision in this § 3731 appeal is a question expressly left open by the Supreme Court in its recent double jeopardy trilogy. In *Serfass v. United States*, 1975, ____ U.S. ___, 95 S.Ct. 1055, 43 L.Ed.2d 265, the Court declined to "intimate any view concerning the case put by the Solicitor General, of 'a defendant who is afforded an opportunity to obtain a determination of a legal defense prior to the trial and nevertheless knowingly allows himself to be placed in jeopardy before raising the defense.'" ____ U.S. at ___, 95 S.Ct. at 1065, 43 L.Ed.2d at 277. In this case we conclude, first, that Kehoe and Bullock allowed themselves to be placed in jeopardy for tactical reasons, and second, that because of their decision they are not entitled to claim the protection of the double jeopardy clause. Accordingly, we assume jurisdiction of the appeal and reverse the judgment of the district court.

I.

On January 18, 1973 the grand jury named appellees in an eleven-count indictment charging a number of per-

sons with participation in an alleged loan kickback scheme. On May 14, 1973 a superseding eleven-count indictment was handed down by the grand jury. This indictment, as well as the one that it superseded, alleged violations of 18 U.S.C. § 1006.¹ Also on May 14, however, Kehoe and Bullock alone were charged in a single count indictment with embezzling certain land from a savings association in violation of 18 U.S.C. § 657.² Appellees pleaded not guilty to the embezzlement charge, and on October 29, 1973 a jury was empanelled and trial began. After the government had presented its case-in-chief, appellees moved for a "judgment of acquittal" on

1. Section 1006 renders illegal the making of false entries in the records of, or the mishandling of the property of, certain enumerated federal credit institutions, with the intent to defraud the United States.

2. Section 657 provides:

Whoever, being an officer, agent or employee of or connected in any capacity with the Reconstruction Finance Corporation, Federal Deposit Insurance Corporation, National Credit Union Administration, Home Owners' Loan Corporation, Farm Credit Administration, Department of Housing and Urban Development, Federal Crop Insurance Corporation, Farmers' Home Corporation, the Secretary of Agriculture acting through the Farmers' Home Administration, or any land bank, intermediate credit bank, bank for cooperatives or any lending, mortgage, insurance, credit or savings and loan corporation or association authorized or acting under the laws of the United States or any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation or by the Administrator of the National Credit Union Administration, or any small business investment company, and whoever, being a receiver of any such institution, or agent or employee of the receiver, embezzles, abstracts, purloins or wilfully misapplies any moneys, funds, credits, securities or other things of value belonging to such institution, or pledged or otherwise intrusted to its care, shall be fined not more than \$5,000 or imprisoned not more than five years, or both; but if the amount or value embezzled, abstracted, purloined or misapplied does not exceed \$100, he shall be fined not more than \$1,000 or imprisoned not more than one year, or both.

the ground, *inter alia*, that the indictment failed "to charge an offense against the laws of the United States of America since real property cannot be the subject of an embezzlement under the provisions of Title 18, United States Code, Section 657." In a memorandum opinion reviewing the permissible reach of § 657, Judge Bue announced his decision to grant appellees' motion "on the grounds that the indictment failed to state an offense against the United States of America."³ Shortly thereafter the government procured a new indictment against appellees for the same transaction made the subject of the previous indictment; this time, however, the grand jury charged Kehoe and Bullock with a violation of 18 U.S.C. § 1006. Appellees promptly moved to dismiss this indictment, arguing, *inter alia*, that Judge Bue had acquitted them in the earlier trial and that a second trial arising out of the same transaction would put them twice in jeopardy. After a hearing, Judge Seals sustained the double jeopardy contention and dismissed the second indictment. The United States now seeks to appeal that ruling.

[1] The government may appeal an adverse judgment in a criminal case only when authorized by statute. *United States v. Sanges*, 1892, 144 U.S. 310, 12 S.Ct. 609, 36 L.Ed. 445. 18 U.S.C. § 3731 provides that:

In a criminal case an appeal by the United States shall lie to a court of appeals from a decision, judgment, or order of a district court dismissing an indictment or information . . . except that no appeal shall lie where the double jeopardy clause of the United States Constitution prohibits further prosecution.

3. The correctness of this ruling is not before us.

Here Judge Seals dismissed the second indictment because he felt that after Judge Bue's ruling on the first indictment, the double jeopardy clause barred further prosecution. Hence, our resolution of the double jeopardy issue will control not only the jurisdictional question but the merits as well.⁴ With that in mind, we proceed to the main issue on appeal: Does the double jeopardy clause bar the government from further prosecuting Kehoe and Bullock?

II.

[2] Judge Bue expressly denominated his judgment an acquittal, rather than a dismissal of the indictment. Nevertheless, although "[i]t is, of course, settled that 'a verdict of acquittal . . . is a bar to a subsequent prosecution for the same offense.' . . . [t]he word [acquittal] . . . has no talismanic qualities for purposes of the Double Jeopardy Clause." *Serfass v. United States*, *supra*, ____ U.S. ____, 95 S.Ct. at 1064, 43 L.Ed.2d at 276. In short, as the Supreme Court noted in a related context, "the trial judge's characterization of his own action cannot control the classification of the action for purposes of our appellate jurisdiction." *United States v. Jorn*, 1971, 400 U.S. 470, 478 n.7, 91 S.Ct. 547, 553 n.7, 27 L.Ed.2d 543, 552 n.7. It follows that we must examine Judge Bue's

4. The case is in its present posture because the government, rather than appealing Judge Bue's ruling, chose to reindict appellees under a different statute. Hence, the constitutional double jeopardy question that we would have addressed as a jurisdictional matter had Judge Bue's order been appealed was instead presented to Judge Seals as an argument on the merits for dismissing the second indictment. Nevertheless, even Judge Seals' judgment would not be appealable if "the double jeopardy clause of the United States Constitution prohibits further prosecution" of Kehoe and Bullock. Hence, in this situation the merits and the jurisdictional question merge.

ruling and properly characterize it for purposes of the double jeopardy clause.

[3] Kehoe and Bullock were of course not acquitted on the general issue by the jury. The primary factfinder made no determination of their guilt or innocence. In certain circumstances, however, the trial judge even in a jury trial may find facts in a manner that will, by a doctrine similar to collateral estoppel, act as an acquittal.⁵ Thus, if Judge Bue based his ruling upon facts that went to the general issue of the case, Kehoe and Bullock were in substance, as well as in name, acquitted. The constitutional rule against further prosecution after an acquittal would then come into play to prevent us from assuming jurisdiction.⁶

A reading of Judge Bue's opinion reveals that except perhaps for one brief passage he was clearly discussing only the legal sufficiency of the indictment and not the facts of the case before him. Hence, appellees' argument

5. United States v. Sisson, 399 U.S. 267, 90 S.Ct. 2117, 26 L.Ed.2d 608; United States v. Jorn, *supra*, 400 U.S. at 478 n. 7, 91 S.Ct. at 553, n. 7, 27 L.Ed.2d at 552 n. 7. See also Note, Government Appeals of "Dismissals" in Criminal Cases, 87 Harv. L. Rev. 1822 (1974).

Although the Supreme Court in United States v. Wilson, U.S. ___, 95 S.Ct. 1013, 43 L.Ed.2d 232 read *Sisson* as a statutory rather than a constitutional decision for purposes of reviewability on appeal, *Wilson* noted and apparently approved *Sisson's* suggestion (399 U.S. at 290 & n. 18, 90 S.Ct. at 2129 & n. 18, 26 L.Ed.2d at 624 & n. 18) that the trial judge's ruling in that case posed a constitutional bar to further *trial* proceedings against *Sisson*. U.S. ___, 95 S.Ct. at 1025-26, 43 L.Ed.2d at 246.

6. This case is not like *Sisson* or *Wilson*; reversal on appeal would mean that appellees' second trial could go forward. Thus, if Judge Bue's judgment was an acquittal, the double jeopardy clause would prohibit further proceedings against Kehoe and Bullock, *see note 5 supra*, and we would be required to dismiss the appeal.

on this point turns entirely on one ambiguous statement, quoted below:

This Court was aware of and concerned with the fine distinctions being made when the motion for judgment of acquittal was urged by defendants at the close of the Government's case. Had the evidence shown that the property was sold by and for the benefit of Surety Savings with the defendants in their fiduciary capacities diverting the consideration of such sale for their own benefit, an indictment alleging embezzlement might have been proper. However, the circumstances of this case, accepted as true for the purposes of this motion, showed that the alleged consideration never was intended to flow to Surety but only to the defendants. Although the defendants ostensibly deprived Surety Savings of real estate holdings, no funds, credits or securities belonging to Surety were taken. While this distinction is a fine one, it is one that is critical to the offense of embezzlement.

App. at 265. Appellees apparently contend that Judge Bue found that, if other evidence had been introduced, the prosecution could have obtained a conviction under the indictment as it then stood, despite the fact that it alleged embezzlement of real property. The government argues, on the other hand, that this passage was simply a hypothetical situation posited by the trial judge in which the defendants could properly have been indicted under 18 U.S.C. § 657. We think that the government is essentially correct.

[4] First, it is doubtful whether the judge intended to make findings of fact; he clearly states that certain facts will simply be "accepted as true for purposes of this motion." Second, Judge Bue concluded only that "an indict-

ment alleging embezzlement might have been proper," and not that an indictment alleging embezzlement of land might be permissible. Therefore, even if he did intend in this passage to make formal findings, the resulting comments were not necessary to the stated ground for granting appellees' motion—i.e., that the indictment in question failed to state an offense—and thus do not constitute findings of fact binding on this court. Compare United States v. Esposito, 7 Cir. 1974, 492 F.2d 6, 9, cert. denied 414 U.S. 1135, 94 S.Ct. 879, 38 L.Ed.2d 760 (1974),⁷ with United States v. Sorenson, 7 Cir. 1974, 504 F.2d 406; United States v. Jaramillo, 8 Cir. 1975, 510 F.2d 808. In these circumstances Judge Bue's ruling can only be characterized as purely legal—and hence not an acquittal. There was no conclusion on innocence or guilt. Consequently, since the rule forbidding further proceedings after an acquittal is inapplicable here, we must now consider whether the double jeopardy clause prohibits further prosecution of defendants who procure the mid-trial dismissal of the indictment on the ground that it fails to state an offense.

III.

The recent Supreme Court double jeopardy trilogy does not supply a direct answer. In United States v. Wil-

7. "[I]t is clear from the order that the court concluded that the fatal defect in the prosecution lay in the indictment's failure to state and the statute's failure to require a nexus with interstate commerce which would justify federal regulation. The fact that the prosecution failed to prove such a connection, though alluded to in the order, was of no significance to the actual basis for the decision. The order was neither based upon nor limited in application to the facts of the case. Appeal, therefore, is not barred by the double jeopardy clause of the fifth amendment" (emphasis added).

son, 1975, ____U.S____, 95 S.Ct. 1013, 43 L.Ed.2d 232, the trial judge dismissed the indictment on speedy trial grounds after a jury had found Wilson guilty of converting union funds to his own use. Relying on United States v. Sisson, *supra*, the Court of Appeals rebuffed the government's attempt to appeal that ruling. The Supreme Court reversed. Justice Marshall carefully reviewed the legislative history of the new § 3731 and concluded that "Congress was determined to avoid creating nonconstitutional bars to the Government's right to appeal." ____ U.S. at ___, 95 S.Ct. at 1019, 43 L.Ed.2d at 239. Proceeding then to an examination of the scope of the double jeopardy clause, the Court isolated "the prohibition against multiple trials as the controlling constitutional principle." ____ U.S. at ___, 95 S.Ct. at 1023, 43 L.Ed.2d at 243. Since in the case before it reversal on appeal would result only in reinstatement of the jury verdict and not in a new trial, the court concluded that the double jeopardy clause would not be offended by permitting the appeal.

[5] In United States v. Jenkins, 1975, ____ U.S. ___, 95 S.Ct. 1006, 43 L.Ed.2d 250, the defendant was indicted for knowingly refusing to submit to induction into the armed forces. After a bench trial the court "dismissed the indictment" because the Board had—erroneously under then-existing law—refused to entertain Jenkins' "late-ripening" claim to conscientious objector status. The government sought to appeal this ruling, claiming that the district judge erred in refusing to give retroactive effect to a Supreme Court decision that legitimated the Board's refusal but which was handed down after Jenkins declined induction. The Court of Appeals dismissed for lack of jurisdiction, and the Supreme Court affirmed.

The Second Circuit had characterized the district court's judgment as an acquittal. The Supreme Court was less sure, and noted the difficulty in bench trials of determining whether a judgment discharging the defendant rested upon factual or legal grounds. Nevertheless, the Court was reasonably certain that the trial judge had not found all factual issues *against* the defendant. Thus, the case before them was not, like *Wilson*, where reversal and remand would lead only to reinstatement of a guilty verdict. In deciding that the double jeopardy clause would forbid further proceedings *against* Jenkins the Court articulated this standard:

Here there was a judgment discharging the defendant, although we cannot say with assurance whether it was, or was not, a resolution of the factual issues against the Government. But it is enough for purposes of the Double Jeopardy Clause, and therefore for the determination of appealability under 18 U.S.C. § 3731, that further proceedings of some sort, devoted to the resolution of factual issues going to the elements of the offense charged, would have been required upon reversal and remand.

____ U.S. at ___, 95 S.Ct. at 1013, 43 L.Ed.2d at 259. At first glance the broad rule stated here would appear to require dismissal of the present appeal. We have before us a judgment discharging the defendants, and if it is reversed, further proceedings devoted to resolution of factual issues going to the elements of the offense charged will be necessary.⁸ Nonetheless, the final case of the double

⁸. For purposes of the double jeopardy clause it is of no significance that appellees were originally indicted under 18 U.S.C. § 657 and are now under indictment for violation of 18 U.S.C. § 1006. Both indictments arise out of the same factual setting; all that has changed is the prosecution's legal theory.

jeopardy trilogy strongly implies that the *Jenkins* standard is not as sweeping as it first appears.

In *Serfass v. United States, supra*, the district court, granted the defendant's pre-trial motion to dismiss the indictment on the legal ground that the Selective Service Board had erred in its handling of Serfass's claim to conscientious objector status. The Court of Appeals decided that the government could appeal this order and reversed on the merits. The Supreme Court affirmed, holding that since Serfass had never waived his right to a jury trial, the district judge had made his ruling before Serfass had been placed in jeopardy and hence the double jeopardy clause had no application. Most significant for present purposes, however, the Court reserved two questions not necessary to decision of the case before it: (1) "whether a similar ruling [to the one actually made in *Serfass*] by the district court *after jeopardy had attached* would have been appealable," (emphasis added), and (2) whether appeal would be barred from a mid-trial ruling discharging the defendant on a legal ground that could have been raised by the defendant before trial.

____ U.S. at ___, 95 S.Ct. at 1065, 43 L.Ed.2d at 277-78. The implication that these might be open issues is important, because both hypothetical cases seem to fall directly within the *Jenkins* rule. If a legal bar to further proceedings is raised by the defendant after jeopardy has attached, a judgment sustaining the objection would result in the defendant's discharge, and upon reversal and remand new factual inquiries would perforce be made. Yet the Supreme Court treated the *Serfass* hypotheticals as controversies for another day and not as cases clearly controlled by *Jenkins*. Consequently, it seems likely that the Court intended *Jenkins* to be limited to its

facts: a bench trial terminated by a ruling that—since it may have been one in fact—must be treated as an acquittal for purposes of the double jeopardy clause.⁹ Thus, none of the recent Supreme Court cases controls here.

[6-8] Accordingly, we must make an independent analysis of whether the double jeopardy clause prohibits further proceedings against appellees. Double jeopardy considerations first come into play when jeopardy attaches; in a jury trial attachment occurs when the jury is empanelled and sworn. *Serfass v. United States, supra*, ____ U.S. at ____, 95 S.Ct. at 1062, 43 L.Ed.2d at 274. In this jury case jeopardy had clearly attached: the trial judge ruled on the indictment at the close of the government's case-in-chief. Nevertheless, "the conclusion that jeopardy has attached begins, rather than ends, the inquiry as to whether the Double Jeopardy Clause bars retrial." *Illinois v. Somerville*, 1973, 410 U.S. 458, 467, 93 S.Ct. 1066, 1072, 35 L.Ed.2d 425, 433, quoted in *Serfass v. United States, supra*. See also *United States v. Sisson, supra*, 399 U.S. at 303, 90 S.Ct. at 2137, 26 L.Ed.2d at 631; *United States v. Pecora*, 3 Cir. 1973, 484 F.2d 1289, 1294 n. 7; Note, *supra* note 5, at 1836. Of course, once jeopardy has attached, a judgment that either is or may be, an "acquittal on the merits" bars further proceedings. The Supreme Court has already weighed the various considerations raised in this context and come down on the side of the defendant. *United States v. Wilson, supra*, ____ U.S. at ____, 95 S.Ct. at 1026, 43 L.Ed.2d at 246. We have determined, however, that Judge Bue's ruling in this case was not an acquittal. What we must decide, then, is whether a judgment discharging

9. But see *United States v. Means*, 8 Cir. 1975, 513 F.2d 1329.

the defendant after jeopardy has attached on the ground that the indictment is incurably defective poses the same constitutional obstacle to a second trial that is supplied by an actual or an apparent acquittal.

[9] The Supreme Court case most nearly resembling this one is *Illinois v. Somerville, supra*. In *Somerville* the trial judge had declared a mistrial when the prosecution discovered, after the jury had been empanelled and sworn but before any testimony had been taken, that the indictment contained an incurable jurisdictional defect. Distinguishing, *inter alia*, an earlier defective indictment case¹⁰ on the basis that there the first trial had resulted in a verdict of acquittal by the jury, the Court held that "where the declaration of a mistrial implements a reasonable state policy and aborts a proceeding that at best would have produced a verdict that could have been upset at will by one of the parties, the defendant's interest in proceeding to verdict is outweighed by the competing and equally legitimate demand for public justice." 410 U.S. at 471, 93 S.Ct. at 1074, 35 L.Ed.2d at 435. Despite the different terminology used to abort the first trial in *Somerville* and the first trial here, the effect was the same—the dismissal of the indictment and the bringing of a new prosecution—and we believe that the interest-balancing approach employed in that case is also appropriate in this one.¹¹ See *United States v. Mayes*, 6 Cir.

10. *United States v. Ball*, 1896, 163 U.S. 662, 16 S.Ct. 1192, 41 L.Ed. 300.

11. In *United States v. Jenkins, supra*, the Supreme Court expressly disapproved the reasoning of the dissenting judge in the Court of Appeals, who argued that *Sommerville*-type balancing is appropriate even in cases where the defendant has been acquitted: "We disagree with this analysis because we think it is of critical importance whether the proceedings in the trial court terminate in a

1975, 512 F.2d 637, 651-52; Comments, Double Jeopardy and Government Appeals of Criminal Dismissals, 52 Texas L.Rev. 303, 342 & n. 180; cf. Note, *supra* note 5, at 1838-40.

[10-13] Two factors make this case stronger for the defendants than Somerville. First, Kehoe and Bullock sat through a full day of trial, at which the prosecution presented its evidence against them. Second, the trial judge termed his decision an acquittal, rather than a mistrial, and the defendants could reasonably have believed that the government was barred from proceeding further against them; the possible psychological shock of being re-indicted is not immaterial to traditional double jeopardy considerations. What we think controlling for double jeopardy purposes, however, is the manner in which this case is *less* strong for the defendants than *Somerville*. In the latter case the defendant objected strenuously to the termination of the first trial. Here, on the other hand, the defendants themselves challenged the indictment, but only after the jury had been sworn and the government had presented its case-in-chief. At oral argument counsel for appellees stated that he waited to make his "motion for acquittal" because he wanted an opportunity to view the government's evidence. We believe that a defendant who for reasons of trial tactics delays until mid-trial a challenge to the indictment that could have been made before the trial—and before jeopardy has attached—is not entitled to claim the protection of the double jeopardy

mistrial as they did in the *Sommerville* line of cases, or in the defendant's favor, as they did here." ____ U.S. at ____ n. 7, 95 S.Ct. at 1010 n. 7, 43 L.Ed.2d at 256 n. 7. Read in context, it seems plain that this language refers only to cases where the defendant was, or may have been, acquitted on the merits. We have already decided that ours is not such a case.

clause when his objections to the indictment are sustained.¹² Cf. *United States v. Serfass, supra*, ____ U.S. at ____, 95 S.Ct. at 1065, 43 L.Ed.2d at 277-78; *United States v. Jenkins*, 2 Cir. 1973, 490 F.2d 868, 880. The Senate Report on the bill to amend old § 3731 reveals that Congress believed that the double jeopardy clause would not bar further proceedings in this type of case. S.Rep. No. 91-1296, 91st Cong., 2d Sess., 7, 8-12 (1970). See also *United States v. Wilson, supra*. In fact, the old statute's failure to permit a government appeal in cases like this one appears prominently in the Report as a reason for amendment. Under the flexible, interest-balancing approach of *Illinois v. Somerville* we think that the double jeopardy clause does not forbid further proceedings against appellees; the new § 3731 thus achieves one of the intended purposes. Accordingly, the judgment of the district court is reversed and the case is remanded for proceedings consistent with this opinion.¹³

Reversed and remanded.

12. Fed. R. Crim. P. 12(b)(2) is not violated by this holding. That rule states, in pertinent part: "Lack of jurisdiction or the failure of the indictment or information to charge an offense shall be noticed by the court at any time during the pendency of the proceeding." Although the rule removes the threat of procedural waiver with regard to jurisdictional defenses, it does not purport to prohibit courts from attaching other unfavorable consequences to the decision to withhold a motion until the middle of the trial.

13. There is no merit in appellees' additional contention that the pattern of government behavior toward them constitutes bad faith harassment in violation of the due process clause. See *United States v. McGough*, 5 Cir. 1975, 510 F.2d 598, 603-05.

BELL, Circuit Judge (dissenting):

Being of the view that jeopardy attached by virtue of the judgment of acquittal entered in the prior trial of defendants, and that Rule 12(b)(2), F.R.Crim.P., prevents defendants from being barred from claiming double jeopardy because of their delay in challenging the indictment, I would dismiss the government's appeal. I therefore respectfully dissent.

Defendants-appellees Kehoe and Bullock were indicted in 1973 under 18 U.S.C.A. § 657 for the offense of embezzling real property. The case proceeded to trial and at the close of the government's case-in-chief both defendants moved for a judgment of acquittal under Rule 29 F.R.Crim.P. on several grounds, one being that the indictment failed to charge an offense. They argued that real property could not be embezzled and that no case of embezzlement of any property had been established by the government's evidence. The district court granted this motion, agreeing with defendants on both points.

A second indictment was then obtained charging these same defendants with fraudulently receiving the benefits of a federally insured savings association transaction in violation of 18 U.S.C.A. § 1006. This indictment related to the same criminal misconduct alleged in the indictment previously dismissed, and the evidence to have been offered was also the same. Defendants moved to dismiss this second indictment on the grounds that jeopardy had attached in the prior proceeding. This motion was granted and the government now appeals.

The government contends that the judgment of acquittal in the first proceeding was in fact a dismissal of the indictment for failure to charge an offense. It is ar-

gued that the district court did not reach the merits of the case, that there was no verdict in defendants' favor, and that therefore no jeopardy attached. I find no substance in these contentions. It appears that the district court did consider the evidence presented and therefore went beyond the face of the indictment in its ruling:

Recent United States Supreme Court decisions make it clear that principles of double jeopardy bar subsequent reprocsecution once a case has terminated in defendant's favor based upon factual conclusions not found in the indictment but instead upon evidence adduced at trial. *United States v. Jenkins*, 1974, ____U.S____, 95 S.Ct. 1006, 43 L.Ed.2d 250. *See also Serfass v. United States*, 1975, ____U.S____, 95 S.Ct. 1055, 43 L.Ed.2d 265; *United States v. Wilson*, 1975, ____U.S____, 95 S.Ct. 1013, 43 L.Ed.2d 232. The first question then is whether the trial court relied on such evidence in its determination. The district court in the second proceeding answered this question in the affirmative and I agree.

The critical language of the court in the first proceeding is as follows:

This Court was aware of and concerned with the fine distinctions being made when the motions for judgment of acquittal was urged by defendants at the close of the Government's case. *Had the evidence shown that the property was sold by and for the benefit of Surety Savings with the defendants in their fiduciary capacities diverting the consideration of such sale for their own benefit, an indictment alleging embezzlement might have been proper.* However, the circumstances of this case, accepted as true for purposes of this motion, showed that the alleged consideration never was intended to flow to Surety but only to the defendants. Although the defendants

ostensibly deprived Surety Savings of real estate holdings, no funds, credits or securities belonging to Surety were taken. While this distinction is a fine one, it is one that is critical to the offense of "embezzlement." (Emphasis added)

Thus it appears that the court found that the government had not put on sufficient evidence to sustain a conviction of embezzlement since embezzlement could not be of real property and the government failed to show that any personal property had been taken in the transaction.

Jenkins, supra, is controlling where, as here, facts adduced after defendants were put on trial before a trier of facts were considered in dismissing the indictment. ____ U.S. at ___, 95 S.Ct. 1006, 43 L.Ed.2d at 259. Jeopardy attaches, according to *Serfass*, when a defendant is put to trial before the trier of the facts. ____ U.S. at ___, 95 S.Ct. 1055, 43 L.Ed.2d at 274. This rule, according to *Jenkins*, includes a case where an indictment is dismissed by utilizing facts developed in that trial in connection with the dismissal although the trial did not reach the point of a verdict or judgment. ____ U.S. at ___, 95 S.Ct. 1006, 43 L.Ed.2d at 259. Such facts were utilized here.¹

The opinion prepared by Judge Thornberry, as I perceive it, recognizes that *Jenkins*, without more, would control the disposition of this appeal and require affirm-

1. In both *Jenkins* and the present appeal, it is unclear whether the district judge terminated the trial based upon factual or legal conclusions. In both cases, however, the judge apparently relied at least in part upon the facts as developed, and thereupon concluded the trial. The court in *Jenkins* held that retrial of the defendant in such a posture would place him twice in jeopardy. I see the posture of the present case as requiring an identical result.

ance. *Jenkins* is avoided, however, by deciding and applying the reserved hypothetical of *Serfass*, thus necessitating a balancing test with the result of estopping defendants from asserting a double jeopardy defense. This approach, in my judgment, misconstrues the reserved question in *Serfass*, decides it incorrectly as construed, and denies a constitutional right because of delay in the fact of Rule 12(b)(2).

The issue then is whether defendants are barred from claiming double jeopardy under the circumstances because they could have but did not challenge the indictment until the close of the government's case-in-chief. They could have questioned the indictment before trial by a motion to dismiss for failure to charge an offense under Rule 12(b)(2).² The same rule, however, provides that such a failure may be noticed by the court at any time. Defendants chose to wait until the close of the government's case-in-chief to make their motion and the court took notice of it. At that point, the sufficiency of the evidence was drawn into issue with respect to the validity of the indictment.

In *Serfass, supra*, the Supreme Court saved the question of the government being denied a right to appeal by the strategy of a defendant, although afforded an opportunity

2. Rule 12(b)(2)—Defenses and Objections Which Must be Raised.

Defenses and objections based on defects in the institution of the prosecution or in the indictment or information other than that it fails to show jurisdiction in the court or to charge an offense may be raised only by motion before trial. The motion shall include all such defenses and objections then available to the defendant. Failure to present any such defense or objection as herein provided constitutes a waiver thereof, but the court for cause shown may grant relief from the waiver. Lack of jurisdiction or the failure of the indictment or information to charge an offense shall be noticed by the court at any time during the pendency of the proceeding.

to do so prior to trial, knowingly allowing himself to be placed in jeopardy before raising a legal defense. ___U.S. at ___, 95 S.Ct. 1055, 43 L.Ed.2d at 277.³ It must be remembered that the question being considered was only that of the right of the government to take an appeal under 18 U.S.C.A. § 3731. This statute permits an appeal by the government unless further prosecution is prohibited by the double jeopardy clause. The question saved went only to this and not, as the majority opinion does, to the delay being a bar of a jeopardy defense itself.

Whatever the Supreme Court meant by its reservation of the question, I do not understand it as creating a problem in this case. We have, in effect, entertained the appeal to determine whether we have jurisdiction under 18 U.S.C.A. § 3731. Section 3731 provides that no appeal shall lie where the double jeopardy clause of the Constitution prohibits further prosecution.⁴ What the government has in fact appealed is the question whether jeopardy had attached. Thus we are in the position of having to take jurisdiction to determine if the appeal will lie. By way of analogy, *cf. Bell v. Hood*, 1946, 327 U.S. 678, 66 S.Ct. 773, 90 L.Ed. 939, which teaches that there are cases where jurisdiction must be exercised for the purpose of determining jurisdiction. This is such a case. If we found no error in the district court's conclusion that jeopardy had attached, it would follow that the appeal

3. 18 U.S.C.A. § 3731 provides:

In a criminal case an appeal by the United States shall lie to a court of appeals from a decision, judgment, or order of a district court dismissing an indictment or information as to any one or more counts, except that no appeal shall lie where the double jeopardy clause of the United States Constitution prohibits further prosecution.

4. *Cf. United States v. McGough*, 5 Cir., 1975, 510 F.2d 598, 602 n. 2.

would be dismissed rather than affirmed. This was the precise procedure followed in *Jenkins, supra*, in the Second Circuit. *United States v. Jenkins*, 2 Cir., 1973, 490 F.2d 868, 880.

It must be conceded that the reservation in *Serfass* of the deliberate delay question is perplexing. It purportedly goes only to the right of appeal but, as expressed, it could relate also to barring double jeopardy as a defense. In any event, it is doubtful that the court would treat a constitutional right in such an off-hand fashion.

The Supreme Court has not considered the question whether the delay in attacking an indictment may bar a double jeopardy defense. The law of this circuit is that an indictment may be challenged for the first time on appeal, and after trial and conviction. *Walker v. United States*, 5 Cir., 1965, 342 F.2d 22, 26. It is also the law in other circuits. *United States v. Beard*, 3 Cir., 1969, 414 F.2d 1014, 1017; *United States v. Bailey*, 7 Cir., 1960, 277 F.2d 560, 562.

It is true that the delay was an admitted trial tactic but experienced counsel were taking advantage of what is expressly permitted by Rule 12(b)(2). They wished to see the government's case before they moved to strike the indictment. The trial court could have ruled, but did not that the motion came too late. It happened that the court (the trier of the facts) considered the facts in its ruling and this gave rise to the double jeopardy claim.

The obtuse problem presented in this appeal is but another example of the labyrinthian state of criminal law, particularly in the trial stages. Although not without some apprehension, I believe that defendants have the better side of the case and I would, therefore, sustain the district court judgment and dismiss the appeal.

Supreme Court, U. S.
FILED

Nos. 78-802 and 78-803

JAN 11 1979

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In the Supreme Court of the United States

OCTOBER TERM, 1978

RAY K. BULLOCK, PETITIONER

v.

UNITED STATES OF AMERICA

CORNELIUS J. KEHOE, PETITIONER

v.

UNITED STATES OF AMERICA

ON PETITIONS FOR A WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR
THE FIFTH CIRCUIT

BRIEF FOR THE UNITED STATES IN OPPOSITION

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In the Supreme Court of the United States

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No. 78-802

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ON PETITIONS FOR A WRIT OF CERTIORARI TO THE
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BRIEF FOR THE UNITED STATES IN OPPOSITION

OPINIONS BELOW

The opinion of the court of appeals reinstating the indictment on the government's appeal (Pet. App. 59-

(1)

79)¹ is reported at 516 F.2d 78. The opinion of the court of appeals after trial (Pet. App. 20-42) is reported at 573 F.2d 335. The opinion of the court of appeals on rehearing (Pet. App. 43-44) is reported at 579 F.2d 971.

JURISDICTION

The judgment of the court of appeals (Pet. App. 45-46) was entered on September 5, 1978. Petitions for rehearing were denied on October 16, 1978 (Pet. App. 47). The petitions for a writ of certiorari were filed on November 15, 1978. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

QUESTIONS PRESENTED

1. Whether the district judge's ruling terminating petitioners' first trial resolved factual elements of the offense and therefore constituted an "acquittal" barring further prosecution.
2. Whether the Double Jeopardy Clause bars further prosecution after a trial is terminated by a ruling, at a defendant's request, that the indictment fails to state an offense.
3. Whether, after a trial is terminated by a ruling that the indictment is fatally defective, the government must successfully appeal that ruling before it may bring the defendant to trial under a valid indictment.

¹ All references to "Pet. App." refer to the appendix in No. 78-802.

STATUTES INVOLVED

18 U.S.C. 657, which provides in pertinent part:

Whoever, being * * * connected in any capacity with * * * any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation * * * embezzles, abstracts, purloins or willfully misapplies any moneys, funds, credits, securities or other things of value belonging to such institution, * * * shall be fined * * * or imprisoned * * * or both.

18 U.S.C. 1006, which provides in pertinent part:

Whoever, being * * * connected in any capacity with * * any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation * * * with intent to defraud the * * * institution, * * * participates or shares in or receives directly or indirectly any money, profit, property, or benefits through any transaction, loan, commission, contract, or any other act of any such * * * institution, * * * shall be fined * * * * or imprisoned * * * or both.

STATEMENT

In 1973, petitioners were indicted in the United States District Court for the Southern District of Texas on a charge of having "embezzled .3082 acres of land" in violation of 18 U.S.C. 657, which makes illegal the embezzlement of "moneys * * * or other things of value" from institutions insured by the Federal Savings and Loan Insurance Corporation. After the government had presented its case-in-chief,

petitioners for the first time objected to the charge on the ground that real property cannot be embezzled under Section 657. They moved for a judgment of acquittal, and the district court granted the motion, holding that under the terms of the statute embezzlement applies only to personal property, not real property, and concluding that the indictment therefore "failed to state an offense against the United States" (Pet. App. 48-58; 365 F.Supp. 920).

Shortly thereafter a new indictment was returned, based on the same conduct. The new indictment charged petitioners with fraudulently receiving the benefit of a transaction by a federally insured savings association with which they were connected, in violation of 18 U.S.C. 1006. The district court dismissed the second indictment prior to trial on the ground that a trial on the indictment would violate the Double Jeopardy Clause of the Fifth Amendment. On the government's appeal, the Fifth Circuit reversed. Finding it significant that petitioners had "for reasons of trial tactics" delayed their objection to the first indictment until after jeopardy had attached, the Fifth Circuit reinstated the indictment (Pet. App. 59-79). *United States v. Kehoe*, 516 F.2d 78 (5th Cir. 1975), cert. denied, 424 U.S. 909 (1976).

A jury trial was then held, and petitioners were convicted of violating Section 1006. The evidence, which is set forth in detail in the opinion of the court of appeals (Pet. App. 22-28), showed that from 1969 through 1971 petitioners served as directors of the Surety Savings Association, a federally insured sav-

ings and loan institution (Pet. App. 21-22). During that period, they engaged in a complex series of financial maneuvers designed to reap personal profit from the sale of a parcel of land owned by the savings association. Following their convictions, each petitioner was placed on three years' probation.

On appeal, the Fifth Circuit rejected petitioners' "allegations of error concerning the merits of the conviction" (Pet. App. 25), but it held that under *United States v. Jenkins*, 420 U.S. 358 (1975), their convictions violated the Double Jeopardy Clause. On the government's petition for rehearing, the court of appeals reversed itself and affirmed petitioners' convictions, taking note of the fact that the intervening decision of this Court in *United States v. Scott*, No. 76-1382 (June 14, 1978), had expressly overruled *Jenkins*.

ARGUMENT

Although petitioners seek to raise several related issues under the Double Jeopardy Clause, the only question squarely presented by this case is whether the district court's order terminating petitioners' first trial was an "acquittal" for double jeopardy purposes. Two panels of the court of appeals have held that the order was not an acquittal, and under the analysis employed in the pertinent decisions of this Court, that holding is correct and does not warrant further review.

1. Petitioner Bullock argues (Pet. 6-14) that the trial court's entry of what it characterized as a

"judgment of acquittal" during the course of the first trial (on the alleged violation of Section 657) resolved factual elements of the offense and was thus an "acquittal" within the meaning of the Double Jeopardy Clause, barring further prosecution. See, e.g., *United States v. Scott, supra*, slip op. 8; *Sanabria v. United States*, No. 76-1040 (June 14, 1978); *United States v. Ball*, 163 U.S. 662 (1896).

It is settled, however, that the word "acquittal" has "no talismanic quality for purposes of the Double Jeopardy Clause" (*Serfass v. United States*, 420 U.S. 377, 392 (1975)) and that "the trial judge's characterization of his own action cannot control the classification of the action" (*United States v. Jorn*, 400 U.S. 470, 478 n.7 (1971)). Rather, a defendant is acquitted only when "the ruling of the judge, whatever its label, actually represents a resolution [in the defendant's favor], correct or not, of some or all of the factual elements of the offense charged." *United States v. Scott, supra*, slip op. 14; *United States v. Martin Linen Supply Co.*, 430 U.S. 564, 571 (1977). Here, the trial court made no such resolution. Instead, the court held only that the indictment, which charged embezzlement of land, was legally insufficient to charge an offense, because only personal property can be the subject of embezzlement under Section 657 (see Pet. App. 48-56). Thus, the indictment was fundamentally defective and could not support a conviction under any view of the facts. See *Lee v. United States*, 432 U.S. 23 (1977); *Illinois v. Somerville*, 410 U.S. 458 (1973). As the court of appeals held in its

initial opinion in this case, the district judge was "clearly discussing only the legal sufficiency of the indictment and not the facts of the case before him" (Pet. App. 64).²

² The court noted that "one brief passage" of the district court's opinion suggested the contrary. Petitioner relies heavily on that passage, in which the district court stated (78-802 Pet. 7-8):

This Court was aware of and concerned with the fine distinctions being made when the motion for judgment of acquittal was urged by defendants at the close of the Government's case. Had the evidence shown that the property was sold by and for the benefit of Surety Savings with the defendants in their fiduciary capacities diverting the consideration of such sale for their own benefit, an indictment alleging embezzlement might have been proper. However, the circumstances of this case, accepted as true for the purposes of this motion, showed that the alleged consideration never was intended to flow to Surety but only to the defendants. Although the defendants ostensibly deprived Surety Savings of real estate holdings, no funds, credits or securities belonging to Surety were taken. While this distinction is a fine one, it is one that is critical to the offense of embezzlement.

The court of appeals properly rejected petitioners' claim that this passage rendered the trial court's ruling an "acquittal" (Pet. App. 65-66). It held that the government was essentially correct in its contention that "this passage was simply a hypothetical situation posited by the trial judge in which the defendants could properly have been indicted under 18 U.S.C. § 657" (Pet. App. 65). The trial court did not indicate in its opinion that any indictment alleging embezzlement of land would have been proper under any evidence. The court of appeals' subsequent opinions did not alter this assessment of the character of the trial court's ruling terminating the first trial (see Pet. App. 20-46), and this determination does not warrant further review by this Court.

This Court's decisions in *Fong Foo v. United States*, 369 U.S. 141 (1962), and *Sanabria v. United States*, *supra*, upon which petitioner Bullock relies (Pet. 10-14), do not support his contention that further proceedings in this case were constitutionally barred following the termination of his first trial. While *Fong Foo* and *Sanabria* establish that a verdict of acquittal bans further proceedings against the defendant, they do not suggest that an order terminating a prosecution must be deemed an acquittal for double jeopardy purposes just because the district court denominates it as such.

In *Sanabria*, the district court entered a judgment of acquittal on the basis of its finding that the indictment's description of the offense was "too narrow to warrant the admission of certain evidence" (*Sanabria v. United States*, *supra*, slip op. 13). The district court had not found that the indictment failed to charge an offense, as this Court noted (*ibid.*, citing *Lee v. United States*, *supra*). It was for that reason that this Court held that the ruling in *Sanabria*, like the ruling in *Fong Foo*, was properly deemed an acquittal. Because the district court's ruling in the present case constituted a determination that the indictment failed to charge an offense, the court's order was not an "acquittal," under *Sanabria* or *Fong Foo*, and those cases thus do not aid petitioners here.

2. Petitioner Bullock next asserts (Pet. 14-16) that even if the trial court's ruling terminating

the first trial was not an acquittal, a second trial should nonetheless be barred under the rule of *United States v. Jenkins*, *supra*.

In *Jenkins* this Court ruled that even if a midtrial dismissal of an indictment does not amount to an acquittal on the merits, further prosecution is barred if it is based on the ground that the defendant simply cannot be convicted of the offense charged, because "further proceedings of some sort, devoted to the resolution of factual issues going to the elements of the offense charged, would [be] required * * *" (420 U.S. at 370). As petitioner Bullock recognizes, however, the decision in *Jenkins* was expressly overruled by this Court's decision last Term in *United States v. Scott*, *supra*. *Scott* makes it clear that the Double Jeopardy Clause poses no bar to a government appeal leading to a second trial in circumstances such as these (slip op. 14; citations omitted):

Despite respondent's contentions, an appeal is not barred simply because a ruling in favor of a defendant "is based upon facts outside the face of the indictment," * * * or because it "is granted on the ground . . . that the defendant simply cannot be convicted of the offense charged," * * *. Rather, a defendant is acquitted only when "the ruling of the judge, whatever its label, actually represents a resolution [in the defendant's favor], correct or not, of some or all of the factual elements of the offense charged." * * * Where the court, before the jury returns a verdict, enters a judgment of acquittal pursuant to Fed. Rule Crim. Proc. 29, appeal will be barred

only when "it is plain that the District Court . . . evaluated the Government's evidence and determined that it was legally insufficient to support a conviction." * * *

Although petitioner Bullock suggests (Pet. 16) that this Court reconsider and overrule its recent decision in *Scott*, he does not advance any consideration or persuasive reason that was not presented to this Court in *Scott* and rejected by it. He argues primarily that the constitutional policy against multiple trials is "necessarily threatened" by allowing the government another opportunity to convict after the first proceeding is terminated by a ruling favorable to the defendant. But "the Double Jeopardy Clause, which guards against Government oppression, does not relieve a defendant from the consequences of his voluntary choice" (*United States v. Scott, supra*, slip op. 16). Here, petitioners moved to terminate the first trial because of "a legal claim that the Government's case against [them] must fail" (*id.* at 13). As this Court recognized in *Scott*, "[t]his is scarcely a picture of an all-powerful state relentlessly pursuing a defendant who had either been found not guilty or who had at least insisted on having the issue of guilt submitted to the first trier of fact" (*ibid.*). These words are particularly apt in this case, since petitioners for reasons of trial tactics delayed until mid-trial a challenge to the indictment that could have been made before jeopardy had attached.³

³ At oral argument in the court of appeals, petitioner's counsel stated that he waited until the close of the govern-

3. Petitioner Bullock contends briefly (Pet. 17) that reprocsecution under Section 1006 was barred because Sections 657 and 1006 charge the same offense for double jeopardy purposes. While we believe that the Section 657 indictment and the Section 1006 indictment charged separate offenses under *Blockburger v. United States*, 284 U.S. 299 (1932), and *Brown v. Ohio*, 432 U.S. 161, 164 (1977), this contention is not necessary to the result in this case. The court of appeals proceeded on the assumption that the two indictments charged the "same offense" for double jeopardy purposes (Pet. App. 40-42) but held that reprocsecution was not barred because there had been no acquittal or conviction on the Section 657 charge when the Section 1006 charge was tried. Of course, if the two indictments did charge different offenses for double jeopardy purposes, petitioners could have been convicted on the Section 1006 charge even if they were deemed to have been acquitted on the Section 657 charge.⁴ But because the court of appeals properly ruled that petitioners were not acquitted on the Section 657 charge, the judgment in this case is correct regardless of whether the two indictments charged the same offense for double jeopardy purposes.

ment's case to make his "motion for acquittal" because he wanted an opportunity to view the government's evidence (Pet. App. 72).

⁴ Collateral estoppel would not have prevented the government from proving its case under Section 1006, even if the Section 657 termination had been deemed an acquittal, because the district court's order in the Section 657 proceeding resolved no material factual issues against the government.

4. Petitioner Kehoe concedes that under *Scott* the government could have appealed the district court's ruling terminating the first trial and, if successful, could have brought petitioners to trial a second time. Nonetheless, he argues (Pet. 6-8) that the Double Jeopardy Clause prohibits the government from bringing a second indictment without first succeeding on appeal from the order terminating the first proceeding.

This argument is clearly without merit. The district court held, and the government conceded on appeal, that the first indictment was fatally defective because it failed to allege an offense. Thus, an appeal from the district court's ruling would have been pointless. Rather, the proper course was to proceed anew under a valid indictment, as was done here. See *Lee v. United States, supra*; *Illinois v. Somerville, supra*. In *Lee*, for example, the defendant was tried under an information that failed to allege specific intent, an essential element of the offense. At the close of the evidence the trial court granted the defendant's motion to dismiss on that ground. The defendant was then properly indicted for the same crime and convicted. This Court held that, absent bad faith on the part of the judge or the prosecutor, the reindictment and retrial did not violate the Double Jeopardy Clause. In *Somerville* a mistrial was declared, over the defendant's objection, because of a similarly defective indictment. This Court upheld the defendant's conviction on reindictment and retrial. *Scott, Lee*, and *Somerville* demonstrate the fallacy in the contention

advanced by petitioner Kehoe: by requiring government success on appeal, it would bar all retrials caused by a correct midtrial determination that an indictment was fatally defective.

CONCLUSION

The petitions for a writ of certiorari should be denied.

Respectfully submitted.

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